



**OPERATIONS CLUSTER
AGENDA REVIEW MEETING**

DATE: November 15, 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:

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**THIS MEETING WILL CONTINUE TO BE CONDUCTED VIRTUALLY AS PERMITTED
UNDER THE BOARD OF SUPERVISORS' AUGUST 8, 2023, ORDER SUSPENDING
THE APPLICATION OF BOARD POLICY 3.055 UNTIL MARCH 31, 2024**

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:
APPROVAL OF A SHORT-TERM DISABILITY, LONG-TERM DISABILITY, AND SURVIVOR BENEFIT CLAIMS THIRD-PARTY ADMINISTRATION SERVICES CONTRACT WITH SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.
DHR - Maggie Martinez, Assistant Director, Employee Benefits Division
 - B) Board Letter:
FIFTEEN-YEAR LEASE USING COMMERCIAL PAPER NOTES TO FUND TENANT IMPROVEMENTS 1500 HUGHES WAY, LONG BEACH
DEPARTMENT OF PUBLIC SOCIAL SERVICES
CEO/RE - Alexandra Nguyen-Rivera, Section Chief, Leasing
 - C) Board Letter:
APPROVAL TO AMEND TWO COVID-19 IT SOLE-SOURCE SERVICE CONTRACTS WITH HSO ENTERPRISE SOLUTIONS, LLC AND ACCENTURE, LLP TO EXTEND THE CONTRACT TERMS
DPH/CIO - David Cardenas, Deputy Director Public Health, Joshua Bobrowsky, Public Health Director, Government Affairs and Patrice Salseda, Principal Deputy County Counsel, Govt Services Division

D) Board Letter:

REQUEST APPROVAL OF AMENDMENT NUMBER NINE TO THE AGREEMENT WITH CGI TECHNOLOGIES AND SOLUTIONS, INC. FOR SOFTWARE AND IMPLEMENTATION SERVICES TO ENHANCE THE COUNTY'S ENTERPRISE FINANCIAL AND HUMAN RESOURCES APPLICATIONS

A-C/CIO - Oscar Valdez, Auditor-Controller and
Majida Adnan, Assistant Auditor-Controller

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 – FACT SHEET OPERATIONS CLUSTER

☒ Board Letter

☐ Board Memo

☐ Other

OPS CLUSTER AGENDA REVIEW DATE	11/15/2023	
BOARD MEETING	12/5/2023	
DELEGATED AUTHORITY BOARD LETTER	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
SUPERVISORIAL DISTRICT AFFECTED	All Supervisorial Districts	
DEPARTMENT	Department of Human Resources (DHR)	
SUBJECT	Approval of a Short-Term Disability, Long-Term Disability and Survivor Benefit Claims Third-Party Administration Services Contract with Sedgwick Claims Management Services, Inc.	
PROGRAM	Short-Term Disability, Long-Term Disability and Survivor Benefit Claims Third-Party Administration Services	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	If Yes, please explain why:	
DEADLINES/ TIME CONSTRAINTS	<ul style="list-style-type: none"> The current Short-Term Disability, Long-Term Disability and Survivor Benefit Claims Third-Party Administration Services contract will expire on December 31, 2023. The Initial Term for the new Contract is December 5, 2023 through December 31, 2026 with three optional one-year extensions through December 31, 2029. The first month of the new Contract will overlap with the last year of the current contract to allow for orientation to County's benefit plans for Contractor personnel, at no additional cost to the County. 	
COST & FUNDING	Total cost: \$12,779,672	Funding source: Funding for this Contract will be included in the fiscal year's budget for each contract year. The costs for these services will be partially offset by monthly premiums paid by eligible plan participants through payroll deductions.
	TERMS (if applicable): The Contract Sum for the entire Contract term, including the three optional extension years, is \$12,779,672, plus expenses for services provided by third-party vendors, such as independent medical examinations, as set forth in Attachment B to the Board Letter.	
	Explanation: Funding for the Contract will be provided by current budget allocations with on-going annual costs budgeted each fiscal year. No new net County funds are being requested for this Contract.	
PURPOSE OF REQUEST	The contract services are essential to provide County employees with administration of County disability benefits. This contract is the result of a competitive solicitation.	
BACKGROUND (include internal or external issues that may exist)	Sedgwick Claims Management Services, Inc. will provide the administration of employee disability benefit claims.	
DEPARTMENTAL AND OTHER CONTACTS	Name, Title, Phone # & Email: <ul style="list-style-type: none"> Maggie Martinez, Assistant Director, DHR Employee Benefits Division (213) 351-2921 mmartinez@hr.lacounty.gov 	



COUNTY OF LOS ANGELES

DEPARTMENT OF HUMAN RESOURCES

HEADQUARTERS
KENNETH HAHN HALL OF ADMINISTRATION
500 W. TEMPLE STREET, ROOM 579 • LOS ANGELES, CALIFORNIA 90012
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LISA M. GARRETT
DIRECTOR OF PERSONNEL

December 5, 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:

**APPROVAL OF A SHORT-TERM DISABILITY, LONG-TERM DISABILITY, AND
SURVIVOR BENEFIT CLAIMS THIRD-PARTY ADMINISTRATION SERVICES
CONTRACT WITH SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.
(ALL DISTRICTS - 3 VOTES)**

SUBJECT

The County of Los Angeles (County) Department of Human Resources (DHR) requests the Board of Supervisors' (Board) approval and delegated authority to execute a Contract with Sedgwick Claims Management Services, Inc. (Sedgwick) to provide Short-Term Disability (STD), Long-Term Disability (LTD), and Survivor Benefit (SB) Claims Third-Party Administration Services for all eligible County employees.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director of Personnel (Director), or designee, to execute a STD, LTD, and SB Claims Third-Party Administration Services Contract (Contract), substantially similar to Attachment A, with Sedgwick, effective upon execution through December 31, 2026, and with up to three consecutive and automatic one-year options through December 31, 2029, for a total Contract Sum not to exceed \$12,779,672 for the term of the Contract, including the optional extensions if exercised, plus expenses.
2. Delegate authority to the Director, or designee, to 1) exercise the extension options, and 2) to execute future Amendments to the Contract, as necessary, in order to a) add, delete, and/or change terms and conditions required by the Board and/or the Chief Executive Office (CEO), and to maintain compliance with County policy and Federal, State and local laws, rules, and regulations; b) reallocate the components comprising the Total Contract Sum; c) align the Contract with County standards and needs, including but not limited to business workflows, protocols, and policies; and d) reduce the scope of services and the Total Contract Sum.

To Enrich Lives Through Effective and Caring Service

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County has contracted with a third-party administrator since 1987 to process employee LTD and SB claims, and since 1991 to process STD claims for “MegaFlex” employees. The current contract for these services is with Sedgwick and expires on December 31, 2023. Approval of the recommended Contract will enable the County to contract with Sedgwick to provide continued and uninterrupted claims administration services for over 114,300 County employees.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions support the County’s Strategic Plan, Strategy III.3, “Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability,” by ensuring the most cost-effective, efficient, and timely provision of disability benefits to County employees.

FISCAL IMPACT/FINANCING

Under the recommended Contract, Sedgwick will be paid fixed annual fees for the entire term, for a Total Contract Sum of \$12,779,672, as detailed in Attachment B. These fixed annual fees include all costs incurred by Sedgwick in processing claims, but do not include pass-through expenses (Expenses) for services provided by third-party vendors, such as independent medical examinations/functional capacity evaluations, vocational evaluations, special investigation unit services, physician advisory services/peer reviews, and second/third-opinion evaluations. The County will reimburse Sedgwick for any incurred Expenses over \$350 per claim, with Sedgwick absorbing all incurred Expenses \$350 or less per claim.

Under the current contract, the fixed annual fee for the contract year 2023 is \$1,967,976, and the estimated Expenses are \$271,339 for a total contract year cost of approximately \$2,239,315. The first-year 2024 fixed annual cost for the new Contract will be \$2,046,696. Including estimated Expenses of \$271,339, based on the contract year 2023 Expenses, the total contract cost for 2024 is estimated to be \$2,318,035.

Funding for this Contract will be included in the fiscal year’s budget for each contract year. The costs for these services are partially offset by monthly premiums paid by eligible plan participants through payroll deduction.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

County Counsel reviewed and approved the Request for Proposal (RFP) prior to release and provided legal counsel throughout the solicitation and negotiation process. County Counsel has approved the Contract (Attachment A) as to form.

The recommended Contract includes all County-required provisions. CEO Risk Management Branch has reviewed and approved the insurance and indemnification provisions in the recommended Contract as to form.

The department has evaluated and determined that this is not a Proposition A Contract and therefore the Living Wage Program (County Code Section 2.121) does not apply to the recommended Contract.

CONTRACTING PROCESS

On March 15, 2023, DHR issued an RFP for STD, LTD, and SB Claims Third-Party Administrative Services. DHR posted the RFP on the County's Contracting website. DHR also notified five vendors identified as third-party claim administrators. Proposals were due on April 25, 2023, and only one proposal was received. The proposal was from Sedgwick, who is also the current contractor. An evaluation committee of representatives from CEO and DHR evaluated Sedgwick's proposal using the informed averaging process and found Sedgwick to be a responsive and responsible proposer. Based on the favorable evaluation results and positive feedback from the evaluators, DHR is recommending that Sedgwick be awarded the proposed Contract. Upon the Board's approval, the Director, or designee, will execute a Contract with Sedgwick substantially similar to Attachment A.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will allow DHR to continue obtaining uninterrupted STD, LTD, and SB Claims Third-Party Administration Services to County employees.

CONCLUSION

Upon approval by the Board, please return three (3) adopted copies of this Board letter to DHR. It is requested that the Executive Officer notify DHR's Administrative Services Division at (213) 219-2204 when the documents are available.

Respectfully Submitted,

LISA M. GARRETT
Director of Personnel

LMG:PAM:MGM
RZ:MA:AS

Attachments (2)

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



CONTRACT BY AND BETWEEN

COUNTY OF LOS ANGELES

AND

SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.

FOR

**SHORT-TERM DISABILITY, LONG-TERM DISABILITY, AND
SURVIVOR BENEFIT CLAIMS THIRD-PARTY ADMINISTRATION
SERVICES**

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STANDARD EXHIBITS

- A** Statement of Work and Attachments
- B** Pricing Schedule
- C** Intentionally Omitted
- D** County's Administration
- E** Contractor's Administration
- F** Form(s) Required at the Time of Contract Execution
- G** Safely Surrendered Baby Law

UNIQUE EXHIBITS

INFORMATION SECURITY AND PRIVACY REQUIREMENTS

- H** Information Security and Privacy Requirements

**CONTRACT BETWEEN
COUNTY OF LOS ANGELES
AND
SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.
FOR
SHORT-TERM DISABILITY, LONG-TERM DISABILITY AND SURVIVOR
BENEFIT CLAIMS THIRD-PARTY ADMINISTRATION SERVICES**

This Contract ("Contract") made and entered into this ____ day of _____, 20____ by and between the County of Los Angeles, hereinafter referred to as "County" and Sedgwick Claims Management Services, Inc., hereinafter referred to as "Contractor." The Contractor is located at 8125 Sedgwick Way, Memphis, Tennessee 38125.

RECITALS

WHEREAS, the County is authorized by Los Angeles County Code Sections 5.27, 5.28 and 5.38 to administer self-insured short-term disability, long-term disability and survivor benefits plans including the adjusting of claims under those plans; and

WHEREAS, the County may contract with private businesses for such services when certain requirements are met; and

WHEREAS, the Contractor is a private firm specializing in providing third-party short-term disability, long-term disability, and survivor benefits and claims administration services; and

WHEREAS, this Contract is therefore authorized under Section 44.7 of the Los Angeles County Charter and Los Angeles County Codes Section 2.121.250;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the parties agree to the following:

1 APPLICABLE DOCUMENTS

Exhibits A through H are attached to and form a part of this Contract. In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between the base Contract and the Exhibits, or between Exhibits, such conflict or inconsistency will be resolved by giving precedence first to the terms and conditions of the Contract and then to the Exhibits according to the following priority.

Standard Exhibits:

Exhibit A	Statement of Work and Attachments
Exhibit B	Pricing Schedule
Exhibit C	Intentionally Omitted
Exhibit D	County's Administration
Exhibit E	Contractor's Administration
Exhibit F	Forms Required at the Time of Contract Execution
Exhibit G	Safely Surrendered Baby Law

Unique Exhibits:

Information Security and Privacy Requirements

Exhibit H	Information Security and Privacy Requirements
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This Contract constitutes the complete and exclusive statement of understanding between the parties, and supersedes all previous contracts, written and oral, and all communications between the parties relating to the subject matter of this Contract. No change to this Contract will be valid unless prepared pursuant to Paragraph 8.1 (Amendments) and signed by both parties.

2 DEFINITIONS

2.1 Standard Definitions:

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following words as used herein must be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

- 2.1.1 **Board of Supervisors ("Board"):** The Board of Supervisors of the County of Los Angeles acting as governing body.
- 2.1.2 **Business Day:** A working day, Monday through Friday, excluding County-observed holidays.
- 2.1.3 **Contract:** This agreement executed between the County and the Contractor. Included are all supplemental agreements amending or

extending the service to be performed. The Contract sets forth the terms and conditions for the issuance and performance of all tasks, deliverables, services and other work.

- 2.1.4 **Contractor:** The person or persons, sole proprietor, partnership, joint venture, corporation or other legal entity who has entered into an agreement with the County to perform or execute the work covered by this Contract.
- 2.1.5 **Contractor Project Manager:** The individual designated by the Contractor to administer the Contract operations under this Contract. This individual is responsible for inspections of any and all tasks, deliverables, goods, services and other work provided by the Contractor.
- 2.1.6 **County Observed Holidays:** Days on which County departments are closed for business in observance of significant events. A list of County observed holidays may be found on the County's website <https://lacounty.gov/government/about-la-county/about/>.
- 2.1.7 **County Project Director:** Person designated by the County with authority for the County on contractual or administrative matters relating to this contract that cannot be resolved by the County's Project Manager.
- 2.1.8 **County Project Manager:** Person designated by the County's Project Director to manage the operations under this Contract. This individual is responsible for inspections of any and all tasks, deliverables, goods, services and other work provided by the Contractor.
- 2.1.9 **County Project Monitor:** Person with responsibility to oversee the day-to-day activities of this Contract. This individual is responsible for monitoring the Contractor's performance and provision of all services required by the Contract, to ensure the Contractor's complete and timely compliance with the Contract.
- 2.1.10 **Day(s):** Calendar day(s) unless otherwise specified.
- 2.1.11 **DHR:** Department of Human Resources
- 2.1.12 **Director:** Director of Personnel, Department of Human Resources
- 2.1.13 **Fiscal Year:** The twelve (12) month period beginning July 1st and ending the following June 30th.
- 2.1.14 **Statement of Work ("SOW"):** A written description of the work to be performed by Contractor to meet the needs of the County, including special provisions pertaining to the method, frequency, manner, and place of performing the contract services.
- 2.1.15 **Subcontract:** An agreement by the Contractor to employ a subcontractor to provide services to fulfill this Contract.

- 2.1.16 **Subcontractor:** Any individual, person or persons, sole proprietor, firm, partnership, joint venture, corporation, or other legal entity furnishing supplies, services of any nature, equipment, and/or materials to the Contractor in furtherance of the Contractor's performance of this Contract, at any tier, under oral or written agreement.

3 WORK

- 3.1 Pursuant to the provisions of this Contract, the Contractor must fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth in herein ("Services"), in accordance with Exhibit A – Statement of Work ("SOW"), with all SOW attachments thereto, at the applicable rates and fees set forth in Exhibit B (Pricing Schedule), with all schedules thereto.
- 3.2 If the Contractor provides any Services, other than as specified in this Contract, the same will be deemed to be a gratuitous effort on the part of the Contractor, and the Contractor must have no claim whatsoever against the County.

4 TERM OF CONTRACT

- 4.1 This Contract is effective upon the date of its execution by the Director, or designee, as authorized by the Board. The term of this Contract will be from December 5, 2023 through December 31, 2026 (hereinafter "Initial Term"), unless sooner terminated or extended, in whole or in part, as provided in this Contract.
- 4.2 At the end of the Initial Term, the County will have the sole option to extend this Contract term for up to three (3) additional one (1) year periods (each, hereinafter, an "Extended Term"). Each such extension option may be exercised at the sole discretion of the Director, as authorized by the Board of Supervisors. The County will be deemed to have exercised each one-year Extended Term automatically, without further action, unless, no later than thirty (30) days prior to the expiration of the Initial Term or the Extended Term, as applicable, the Director, in their sole discretion, notifies the Contractor in writing that the County elects not to extend the Contract pursuant to this Paragraph 4.2. Each Extended Term will be subject to the terms and conditions in this Contract, including but not limited to the rates quoted as set for in Exhibit B (Pricing Schedule).

The County maintains a database that track/monitor the Contractor's performance history. Information entered into the database may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.

- 4.3 The Contractor must notify DHR when this Contract is within six (6) months of the expiration of the term as provided for hereinabove. Upon occurrence of this event, the Contractor must send written notification to DHR at the address herein provided in Exhibit D (County's Administration).

5 CONTRACT SUM

5.1 Total Contract Sum

The contract sum will be the total monetary amount payable by the County to the Contractor for supplying all tasks, subtasks, deliverables, goods, services and other work required or requested by the County under this Contract for the Initial Term and for each Extended Term ("Contract Sum"). The Contract Sum, which will include all applicable taxes, will be as set forth in Exhibit B (Pricing Schedule) for the duration of the Contract, unless modified by an Amendment to this Contract, pursuant to Paragraph 8.1 (Amendments). Payment for assumption and administration of all historical and take-over claims is included in the Contract Sum. The County will not make, and the Contractor is not entitled to, any additional payment for the assumption or administration of any take-over claims.

5.2 Written Approval for Reimbursement

5.2.1 The Contractor will not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein. Assumption or takeover of any of the Contractor's duties, responsibilities, or obligations, or performance of same by any person or entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever, must not occur except with the County's express prior written approval.

5.2.2 Expenses

5.2.2.1 Pass-Through Expenses

The Contractor must pay all third-party vendor costs that are \$350 or less per claim. The Contractor will pass through to the County the costs in excess of \$350 per claim for services provided by third-party vendors, referred to as "pass-through expenses." Such pass-through expenses may include but are not limited to the following services provided by third-party vendors:

- Independent medical examinations;
- Functional capacity evaluations;
- Vocational evaluations;
- Special investigation unit services;
- Physician advisory services/peer reviews;
- Second/Third opinion evaluations; and
- Transferable skills analyses.

5.2.2.2 Transfer of Case Files

The Contractor must pay for all expenses relating to the transfer of claims, case files, data and materials, as described in Exhibit A (SOW), Section 13.0 (Transition Services).

5.2.2.3 Policy Changes/Amendments

Any policy changes by DHR or amendments to the Short-Term Disability ("STD"), Long-Term Disability ("LTD"), Long-Term Disability Health Insurance ("LTDH"), or Survivor Benefits ("SB") programs during the life of the Contract that may require changes to the administrative procedures described in the SOW will be at no cost to the County.

5.3 Notification of 75% of Total Contract Sum

The Contractor must maintain a system of record keeping that will allow the Contractor to determine when it has incurred seventy-five percent (75%) of the total contract sum under this Contract. Upon occurrence of this event, the Contractor must send written notification to DHR at the address for the County's Project Manager herein provided in Exhibit D (County's Administration).

5.4 No Payment for Services Provided Following Expiration-Termination of Contract

The Contractor will have no claim against the County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by the Contractor after the expiration or other termination of this Contract. Should the Contractor receive any such payment it must immediately notify County and must immediately repay all such funds to the County. Payment by the County for services rendered after expiration-termination of this Contract will not constitute a waiver of the County's right to recover such payment from the Contractor. This provision will survive the expiration or other termination of this Contract.

5.5 Invoices and Payments

5.5.1 The Contractor must invoice the County only for providing the tasks, deliverables, goods, services, and other work specified in Exhibit A (Statement of Work and Attachments) and elsewhere hereunder. The Contractor must prepare invoices, which will include the charges owed to the Contractor by the County under the terms of this Contract. The Contractor's payments will be as provided in Exhibit B (Pricing Schedule), and the Contractor will be paid only for the tasks, deliverables, goods, services, and other work approved in writing by the County. If the County does not approve work in writing no payment will be due to the Contractor for that work.

5.5.2 The Contractor's invoices must be priced in accordance with Exhibit B (Pricing Schedule).

- 5.5.3 The Contractor's invoices must contain the information set forth in Exhibit A (Statement of Work and Attachments) describing the tasks, deliverables, goods, services, and facility and/or other work for which payment is claimed.
- 5.5.4 Submission of Invoices
- 5.5.4.1** The Contractor must submit monthly invoices to the County by the 15th calendar day of the month following the month of service.
- 5.5.4.2** The Contractor must submit to the County invoices for any pass-through expenses described in SOW, Sub-paragraph 5.2.2.1 (Pass-Through Expenses) within three (3) months of receiving the original invoices from the third-party vendor. The County will not pay for pass-through expenses if the invoice for such expenses is received more than three (3) months following submission of the original invoice to the Contractor.
- 5.5.5 The Contractor must submit electronic copies of all invoices under this Contract to the DHR Occupational Health and Leave Management Division via the following e-mail:
- DBUInvoices@hr.lacounty.gov.
- 5.5.6 **County Approval of Invoices**
- 5.5.6.1 All invoices submitted by the Contractor for payment must have the written approval of the County's Project Manager prior to any payment thereof. In no event will the County be liable or responsible for any payment prior to such written approval. Approval for payment will not be unreasonably withheld.
- 5.5.6.2 Payments
- Provided that the Contractor is not in default under any provision of this Contract, the County will pay all invoice amounts to the Contractor within thirty (30) calendar days of receipt of invoices that have not been disputed in accordance with Sub-paragraphs 5.5.6.3 and 5.5.6.4.
- 5.5.6.3 Invoice Discrepancies
- The County's Project Manager or designee will review each invoice for any discrepancies and will, within thirty (30) calendar days of receipt, notify the Contractor in writing of any discrepancies found upon such review and submit a list of disputed charges. The Contractor must review the disputed charges and send a written explanation detailing the basis for

the charges to the County's Project Manager or designee within thirty (30) calendar days of receipt of the County's notice of discrepancies and disputed charges.

If the County's Project Manager or designee does not receive a written explanation for the charges within such thirty (30) calendar day period, the Contractor will be deemed to have waived its right to justify the original invoice amount, and the County in its sole discretion will determine the amount due to the Contractor and pay such amount in satisfaction of the disputed invoice, within seventy-five (75) calendar days of receipt of the invoice.

If the County's Project Manager or designee receives a written explanation for the charges within such thirty (30) calendar day period, the County will review the Contractor's response and will determine in County's sole discretion the amount due to the Contractor, and notify the Contractor of the County's determination within fifteen (15) calendar days of receipt of the written explanation. The County will pay such amount within ninety (90) calendar days of receipt of the Contractor's original invoice.

All correspondence relating to invoice discrepancies must be sent by email, followed by hard copy, to the County's Project Manager with a copy to the County's Project Director at the addresses specified in Exhibit D (County's Administration).

5.5.6.4 Adjustments for Overpayments

The County may reduce the Contractor's monthly invoice for assessments of adjustments based on overpayments for which the County has notified the Contractor pursuant to this Sub-paragraph 5.5.6.4.

The Contractor must reimburse the County for any overpayment. Such overpayment includes but is not limited to the following:

Overpayment of any benefit owed to any applicant, claimant or other party for any reason whatsoever, including but not limited to the Contractor's failure to comply with any term of this Contract, or any written County policy provided to the Contractor prior to the overpayment, or the general standards and generally accepted best practices of the disability benefits claims administration industry.

In the event of an overpayment, the County will notify the Contractor in writing of any assessment of adjustments to payments within thirty (30) calendar days of the County's

discovery of the overpayment. The Contractor must respond in writing to the County within thirty (30) calendar days of receipt of the County's notice. If the Contractor does not respond to the County's notice within thirty (30) calendar days, the Contractor will lose its right to dispute the County's assessment, and the County will pay the amount of the adjusted invoice within seventy-five (75) calendar days of the receipt of the original invoice.

If the Contractor responds to the receipt of the County's notice within thirty (30) calendar days, the Contractor's response must include, but not be limited to, the following:

1. Evidence that an overpayment was not made;
2. Evidence that the Contractor's act(s) and/or omission(s) did not cause the overpayment; or
3. Evidence that the Contractor obtained prior written approval from the County's Project Manager or designee.

The County will review the Contractor's response and in its sole discretion determine the amount of adjustments to payments due, if any, to the Contractor, or reimbursements due from the Contractor, and will notify the Contractor of the County's determination within fifteen (15) calendar days of receipt of the Contractor's response. As applicable, the County will pay the adjusted amount within ninety (90) calendar days of receipt of the Contractor's original invoice.

5.5.7 County's Right to Payment

Notwithstanding any other provision of this Contract, and in addition to any rights of the County given by law or provided in this Contract, the County may upon written notice to the Contractor withhold payment for any deliverable while the Contractor, with no fault of the County, is in a default hereunder or default related to the Services.

County's Right to Withhold Payment to Final Invoices for Incomplete Transition Services:

The County may, upon written notice to the Contractor, withhold payment of the Contractor's final invoices for the last month of Services provided prior to the Contract's expiration or termination if the Contractor has not completed said transition services in accordance with Exhibit A (SOW), Section 12.0 (Transition Services).

5.5.8 Intentionally Omitted

5.6 Intentionally Omitted

5.7 Default Method of Payment: Direct Deposit or Electronic Funds Transfer ("EFT")

- 5.7.1 The County, at its sole discretion, has determined that the most efficient and secure default form of payment for goods and/or services provided under an agreement/contract with the County will be EFT or direct deposit, unless an alternative method of payment is deemed appropriate by the Auditor-Controller ("A-C").
- 5.7.2 The Contractor must submit a direct deposit authorization request via the website <https://directdeposit.lacounty.gov> with banking and vendor information, and any other information that the A-C determines is reasonably necessary to process the payment and comply with all accounting, record keeping, and tax reporting requirements.
- 5.7.3 Any provision of law, grant, or funding agreement requiring a specific form or method of payment other than EFT or direct deposit will supersede this requirement with respect to those payments.
- 5.7.4 At any time during the duration of the Contract, a Contractor may submit a written request for an exemption to this requirement. Such request must be based on specific legal, business or operational needs and explain why the payment method designated by the A-C is not feasible and an alternative is necessary. The A-C, in consultation with the contracting department(s), will decide whether to approve exemption requests.

6 ADMINISTRATION OF CONTRACT - COUNTY

6.1 County Administration

A listing of all County Administration referenced in the following subparagraphs are designated in Exhibit E (County's Administration). The County will notify the Contractor in writing of any change in the names or addresses shown.

6.2 County's Project Director

The role of the County's Project Director may include:

- 6.2.1 Coordinating with the Contractor and ensuring the Contractor's performance of the Contract; however, in no event will the Contractor's obligation to fully satisfy all of the requirements of this Contract be relieved, excused or limited thereby; and
- 6.2.2 Upon request of the Contractor, providing direction to the Contractor, as appropriate in areas relating to County policy, information requirements, and procedural requirements; however, in no event, will the Contractor's

obligation to fully satisfy all of the requirements of this Contract be relieved, excused or limited thereby.

6.3 County's Project Manager

6.3.1 The role of the County's Project Manager is authorized to include:

6.3.1.1 Meeting with the Contractor's Project Manager on a regular basis;

6.3.1.2 Reviewing and approving invoices; and

6.3.1.3 Inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of the Contractor; however, in no event will the Contractor's obligation to fully satisfy all of the requirements of this Contract be relieved, excused or limited thereby.

6.3.2 The County's Project Manager is not authorized to make any changes in any of the terms and conditions of this Contract and is not authorized to further obligate the County in any respect whatsoever.

6.3.3 The County's Project Manager or designee will be responsible for and have full authority to oversee the Contractor's performance in the daily operation of the Contract.

6.3.4 The County's Project Manager or designee will provide direction to the Contractor in areas relating to policy and procedural requirements, and on other matters.

6.3.5 The Contractor must remove, at the County Project Manager's request, any employee or subcontractor providing Services for the County under this Contract.

6.3.6 Authority Limits

The County Project Manager may establish a schedule of authority limits and referrals for all personnel approving disability benefits and ancillary services.

6.4 County's Project Monitor

The role of the County's Project Monitor is to oversee the day-to-day administration of this Contract and to monitor the Contractor's performance and provision of all Services required by the Contract, to ensure the Contractor's complete and timely compliance with the Contract; however, in no event will Contractor's obligation to fully satisfy all of the requirements of this Contract be relieved, excused or limited thereby. The Project Monitor reports to the County's Project Manager.

7 ADMINISTRATION OF CONTRACT - CONTRACTOR

7.1 Contractor Administration

A listing of all of Contractor's Administration referenced in the following paragraphs is designated in Exhibit E (Contractor's Administration). The Contractor will notify the County in writing of any change in the names or addresses shown.

7.2 Project Manager

7.2.1 The Contractor's Project Manager and alternate are designated in Exhibit E (Contractor's Administration). The Contractor must notify the County in writing of any change in the name or address of the Contractor's Project Manager and alternate.

7.2.2 The Contractor's Project Manager will be responsible for the Contractor's day-to-day activities as related to this Contract and will meet and coordinate with the County's Project Manager and County's Project Monitor on a regular basis.

7.3 Approval of Contractor's Staff

The County has the absolute right to approve or disapprove all of the Contractor's staff performing work hereunder and any proposed changes in the Contractor's staff, including, but not limited to, the Contractor's Project Manager.

7.4 Contractor's Staff Identification

The Contractor's staff must wear photo identification badges when attending in-person meetings or providing in-person services at County facilities. The Contractor must provide these identification badges to its staff at its own expense.

7.5 Background and Security Investigations

7.5.1 Each of the Contractor's staff performing Services under this Contract, who is in a designated sensitive position, as determined by the County in the County's sole discretion, must undergo and pass a background investigation to the satisfaction of the County as a condition of beginning and continuing to perform Services under this Contract. Such background investigation must be obtained through fingerprints submitted to the California Department of Justice to include State, local, and federal-level review, which may include, but will not be limited to, criminal conviction information. The fees associated with the background investigation will be at the expense of the Contractor, regardless of whether the member of Contractor's staff passes or fails the background investigation.

If a member of the Contractor's staff does not pass the background investigation, the County may request that the member of the Contractor's staff be removed immediately from performing Services under the Contract. The Contractor must comply with the County's request at any time during the term of the Contract. The County will not

provide to the Contractor or to the Contractor's staff any information obtained through the County's background investigation.

- 7.5.2 The County, in its sole discretion, may immediately deny or terminate facility access to any member of the Contractor's staff that does not pass such investigation to the satisfaction of the County or whose background or conduct is incompatible with County facility access.
- 7.5.3 Disqualification of any member of the Contractor's staff pursuant to this Paragraph 7.5 will not relieve the Contractor of its obligation to complete all work in accordance with the terms and conditions of this Contract.

7.6 Confidentiality

- 7.6.1 The Contractor must maintain the confidentiality of all records and information in accordance with all applicable federal, state and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures relating to confidentiality, including, without limitation, County policies concerning information technology security and the protection of confidential records and information.
- 7.6.2 The Contractor must indemnify, defend, and hold harmless the County, its officers, employees, and agents, from and against any and all claims, demands, damages, liabilities, losses, costs and expenses, including, without limitation, defense costs and legal, accounting and other expert, consulting, or professional fees, arising from, connected with, or related to any failure by the Contractor, its officers, employees, agents, or subcontractors, to comply with this Paragraph 7.6, as determined by the County in its sole judgment. Any legal defense pursuant to contractor's indemnification obligations under this Paragraph 7.6 will be conducted by the Contractor and performed by counsel selected by the Contractor and approved by the County. Notwithstanding the preceding sentence, the County will have the right to participate in any such defense at its sole cost and expense, except that in the event the Contractor fails to provide the County with a full and adequate defense, as determined by the County in its sole judgment, the County will be entitled to retain its own counsel, including, without limitation, County Counsel, and to reimbursement from the Contractor for all such costs and expenses incurred by the County in doing so. The Contractor will not have the right to enter into any settlement, agree to any injunction, or make any admission, in each case, on behalf of the County without the County's prior written approval.
- 7.6.3 The Contractor must inform all of its officers, employees, agents and subcontractors providing services hereunder of the confidentiality provisions of this Contract.
- 7.6.4 The Contractor must sign and adhere to the provisions of Exhibit F1 (Contractor Acknowledgement and Confidentiality Agreement).

-AND-

The Contractor will cause each employee performing services covered by this Contract to sign and adhere to the provisions of Exhibit F2 (Contractor Employee Acknowledgment and Confidentiality Agreement) within ten (10) Business Days of Contract inception or start of employment.

-AND-

The Contractor will cause each non-employee performing services covered by this Contract to sign and adhere to the provisions of Exhibit F3 (Contractor Non-Employee Acknowledgment and Confidentiality Agreement) within ten (10) Business Days of Contract inception or the start of each non-employee's provision of Contract services.

7.7 Negotiations/Settlement

The Contractor must obtain written approval from a designated representative of the County prior to the initiation of negotiations for a settlement agreement (i.e., in cases of claimant misrepresentation/fraud to obtain benefits, recovery of overpayments to claimants, etc.) and for final approval to enter into a settlement agreement.

8 STANDARD TERMS AND CONDITIONS

8.1 Amendments

- 8.1.1 For any change which affects the scope of work, term, contract sum, payments, or any term or condition included under this Contract, an Amendment to the Contract must be prepared and executed by the Contractor and by the Director or their designee.
- 8.1.2 For any change that is mutually agreed upon by the County and the Contractor and that does not materially affect the scope of work, Contract Sum or payments, or any other term or condition included under this Contract, a Change Notice may be prepared in writing and signed by the County's Project Director, or designee, and the Contractor's Project Manager.
- 8.1.3 The County's Board of Supervisors or Chief Executive Officer or designee may require the addition and/or change of certain terms and conditions in the Contract during the term of this Contract. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or Chief Executive Officer. To implement such changes, an Amendment to the Contract must be prepared and executed by the Contractor and by the Director or their designee.

8.2 Assignment and Delegation/Mergers or Acquisitions

- 8.2.1 The Contractor must notify the County of any pending acquisitions/mergers of its company unless otherwise legally prohibited from doing so. If the Contractor is restricted from legally notifying the County of pending acquisitions/mergers, then it should notify the County of the actual acquisitions/mergers as soon as the law allows and provide to the County the legal framework that restricted it from notifying the County prior to the actual acquisitions/mergers.
- 8.2.2 The Contractor must not assign, exchange, transfer, or delegate its rights or duties under this Contract, whether in whole or in part, without the prior written consent of the County, in its discretion, and any attempted assignment, delegation, or otherwise transfer of its rights or duties, without such consent will be null and void. For purposes of this paragraph, County consent will require a written Amendment to the Contract, which is formally approved and executed by the parties. Any payments by the County to any approved delegate or assignee on any claim under this Contract will be deductible, at the County's sole discretion, against the claims, which the Contractor may have against the County.
- 8.2.3 Any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any person or entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without the County's express prior written approval, will be a material breach of the Contract which may result in the termination of this Contract. In the event of such termination, the County will be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

8.3 Authorization Warranty

The Contractor represents and warrants that the person executing this Contract for the Contractor is an authorized agent who has actual authority to bind the Contractor to each and every term, condition, and obligation of this Contract and that all requirements of the Contractor have been fulfilled to provide such actual authority.

8.4 Budget Reductions

In the event that the County's Board of Supervisors adopts, in any fiscal year, a County Budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County contracts, the County reserves the right to reduce its payment obligation under this Contract correspondingly for that fiscal year and any subsequent fiscal year during the term of this Contract (including any extensions), and the services

to be provided by the Contractor under this Contract will also be reduced correspondingly. The County's notice to the Contractor regarding said reduction in payment obligation will be provided within thirty (30) calendar days of the Board's approval of such actions. Except as set forth in the preceding sentence, the Contractor must continue to provide all of the services set forth in this Contract.

8.5 Complaints

The Contractor must develop, maintain and operate procedures for receiving, investigating and responding to complaints.

8.5.1 Complaint Procedures

- 8.5.1.1** Within thirty (30) Business Days after the Contract effective date, the Contractor must provide the County with the Contractor's policy for receiving, investigating and responding to user complaints.
- 8.5.1.2** The County will review the Contractor's policy and provide the Contractor with approval of said plan or with requested changes.
- 8.5.1.3** If the County requests changes in the Contractor's policy, the contractor must make such changes and resubmit the plan within five (5) Business Days for County approval.
- 8.5.1.4** If, at any time, the Contractor wishes to change the Contractor's policy, the Contractor must submit proposed changes to the County for approval before implementation.
- 8.5.1.5** The Contractor must preliminarily investigate all complaints and notify the County's Project Manager of the status of the investigation within five (5) Business Days of receiving the complaint.
- 8.5.1.6** When complaints cannot be resolved informally, a system of follow-through will be instituted which adheres to formal plans for specific actions and strict time deadlines.
- 8.5.1.7** Copies of all written responses must be sent to the County's Project Manager within five (5) Business Days of mailing to the complainant.

8.6 Compliance with Applicable Law

- 8.6.1** In the performance of this Contract, the Contractor must comply with all applicable federal, state and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.

- 8.6.2 The Contractor must indemnify, defend, and hold harmless the County, its officers, employees, and agents, from and against any and all claims, demands, damages, liabilities, losses, costs, and expenses, including, without limitation, defense costs and legal, accounting and other expert, consulting or professional fees, arising from, connected with, or related to any failure by the Contractor, its officers, employees, agents, or subcontractors, to comply with any such laws, rules, regulations, ordinances, directives, guidelines, policies, or procedures, as determined by the County in its sole judgment. Any legal defense pursuant to the Contractor's indemnification obligations under Paragraph 8.6 (Compliance with Applicable Law) will be conducted by the Contractor and performed by counsel selected by the Contractor and approved by the County. Notwithstanding the preceding sentence, the County will have the right to participate in any such defense at its sole cost and expense, except that in the event the Contractor fails to provide the County with a full and adequate defense, as determined by the County in its sole judgment, the County will be entitled to retain its own counsel, including, without limitation, County Counsel, and to reimbursement from the Contractor for all such costs and expenses incurred by the County in doing so. The Contractor will not have the right to enter into any settlement, agree to any injunction or other equitable relief, or make any admission, in each case, on behalf of the County without the County's prior written approval.

8.7 Compliance with Civil Rights Laws

The Contractor hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 USC Sections 2000 (e) (1) through 2000 (e) (17), to the end that no person will, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract. Additionally, the Contractor certifies to the County:

- 8.7.1 That the Contractor has a written policy statement prohibiting discrimination in all phases of employment.
- 8.7.2 That the Contractor periodically conducts a self-analysis or utilization analysis of its work force.
- 8.7.3 That the Contractor has a system for determining if its employment practices are discriminatory against protected groups.
- 8.7.4 Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables.

8.8 Compliance with the County's Jury Service Program

8.8.1 Jury Service Program

This Contract is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in [Sections 2.203.010 through 2.203.090 of the Los Angeles County Code](#).

8.8.2 Written Employee Jury Service Policy

8.8.2.1 Unless the Contractor has demonstrated to the County's satisfaction either that the Contractor is not a "contractor" as defined under the Jury Service Program ([Section 2.203.020 of the County Code](#)) or that the Contractor qualifies for an exception to the Jury Service Program ([Section 2.203.070 of the County Code](#)), the Contractor must have and adhere to a written policy that provides that its Employees will receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.

8.8.2.2 For purposes of this paragraph, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of fifty thousand dollars (\$50,000) or more in any twelve (12) month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full-time employee of the Contractor. "Full-time" means forty (40) hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of ninety (90) days or less within a twelve (12) month period are not considered full-time for purposes of the Jury Service Program. If the Contractor uses any subcontractor to perform services for the County under the Contract, the subcontractor will also be subject to the provisions of this paragraph. The provisions of this paragraph will be inserted into any such subcontract agreement and a copy of the Jury Service Program must be attached to the Contract.

8.8.2.3 If the Contractor is not required to comply with the Jury Service Program when the Contract commences, the Contractor will have a continuing obligation to review the

applicability of its “exception status” from the Jury Service Program, and the Contractor must immediately notify the County if the Contractor at any time either comes within the Jury Service Program’s definition of “contractor” or if the Contractor no longer qualifies for an exception to the Jury Service Program. In either event, the Contractor must immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that the Contractor demonstrate, to the County’s satisfaction that the Contractor either continues to remain outside of the Jury Service Program’s definition of “contractor” and/or that the Contractor continues to qualify for an exception to the Program.

8.8.2.4 The Contractor’s violation of this paragraph of the Contract may constitute a material breach of the Contract. In the event of such material breach, the County may, in its sole discretion, terminate the Contract and/or bar the Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

8.9 Conflict of Interest

8.9.1 No County employee whose position with the County enables such employee to influence the award of this Contract or any competing Contract, and no spouse or economic dependent of such employee, will be employed in any capacity by the Contractor or have any other direct or indirect financial interest in this Contract. No officer or employee of the Contractor who may financially benefit from the performance of work hereunder will in any way participate in the County’s approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County’s approval or ongoing evaluation of such work.

8.9.2 The Contractor must comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Contract. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it must immediately make full written disclosure of such facts to the County. Full written disclosure must include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this paragraph will be a material breach of this Contract.

8.10 Consideration of Hiring County Employees Targeted for Layoffs or are on a County Re-Employment List

Should the Contractor require additional or replacement personnel after the effective date of this Contract to perform the services set forth herein, the Contractor must give first consideration for such employment openings to qualified, permanent County employees who are targeted for layoff or qualified, former County employees who are on a re-employment list during the life of this Contract.

8.11 Consideration of Hiring GAIN/START Participants

8.11.1 Should the Contractor require additional or replacement personnel after the effective date of this Contract, the Contractor will give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence ("GAIN") Program or Skills and Training to Achieve Readiness for Tomorrow ("START") Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration will mean that the Contractor will interview qualified candidates. The County will refer GAIN/START participants by job category to the Contractor. Contractors must report all job openings with job requirements to: gainstart@dpss.lacounty.gov and BSERVICES@OPPORTUNITY.LACOUNTY.GOV and DPSS will refer qualified GAIN/START job candidates.

8.11.2 In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees must be given first priority.

8.12 Contractor Responsibility and Debarment

8.12.1 Responsible Contractor

A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible contractors.

8.12.2 Chapter 2.202 of the County Code

The Contractor is hereby notified that, in accordance with [Chapter 2.202 of the County Code](#), if the County acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the Contract, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five (5) years but may exceed five (5) years or be permanent if warranted by the circumstances, and terminate any or all existing contracts the Contractor may have with the County.

8.12.3 Non-responsible Contractor

The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: 1) violated a term of a contract with the County or a nonprofit corporation created by the County, 2) committed an act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, 3) committed an act or offense which indicates a lack of business integrity or business honesty, or 4) made or submitted a false claim against the County or any other public entity.

8.12.4 Contractor Hearing Board

8.12.4.1 If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

8.12.4.2 The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative will be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board will prepare a tentative proposed decision, which will contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the Department will be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

8.12.4.3 After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board will be presented to the Board of Supervisors. The Board of Supervisors will have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

8.12.4.4 If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: 1) elimination of

the grounds for which the debarment was imposed; 2) a bona fide change in ownership or management; 3) material evidence discovered after debarment was imposed; or 4) any other reason that is in the best interests of the County.

8.12.4.5 The Contractor Hearing Board will consider a request for review of a debarment determination only where 1) the Contractor has been debarred for a period longer than five (5) years; 2) the debarment has been in effect for at least five (5) years; and 3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board will conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing will be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

8.12.4.6 The Contractor Hearing Board's proposed decision will contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board will present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors will have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

8.12.5 Subcontractors of Contractor

These terms will also apply to subcontractors of County contractors.

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

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County contractors to voluntarily post the County's poster, Exhibit G (Safely Surrendered Baby Law) in a prominent position at the Contractor's place of business. The Contractor will also encourage its subcontractors, if any, to post this poster in a prominent position in the subcontractor's place of business. Information and posters for printing are available at <https://lacounty.gov/residents/family-services/child-safety/safely-surrender/>.

8.14 Contractor's Warranty of Adherence to County's Child Support Compliance Program

- 8.14.1 The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through contracts are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.
- 8.14.2 As required by the County's Child Support Compliance Program ([County Code Chapter 2.200](#)) and without limiting the Contractor's duty under this Contract to comply with all applicable provisions of law, the Contractor warrants that it is now in compliance and will during the term of this Contract, maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and will implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

8.15 County's Quality Assurance Plan

- 8.15.1 The County or its agent(s) will monitor the Contractor's performance under this Contract on not less than an annual basis. Such monitoring will include assessing the Contractor's compliance with all Contract terms and conditions and performance standards. Contractor deficiencies which the County determines are significant or continuing and that may place performance of the Contract in jeopardy if not corrected will be reported to the Board of Supervisors and listed in the appropriate Contractor performance database. The report to the Board will include improvement/corrective action measures taken by the County and the Contractor. If improvement does not occur consistent with the corrective action measures, the County may terminate this Contract or impose other penalties as specified in this Contract.

8.16 Intentionally Omitted

8.17 Employment Eligibility Verification

- 8.17.1 The Contractor warrants that it fully complies with all federal and state statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. The Contractor must obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by federal and state statutes and regulations including, but not limited to, the

Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The Contractor must retain all such documentation for all covered employees for the period prescribed by law.

- 8.17.2 The Contractor must indemnify, defend, and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Contractor or the County or both in connection with any alleged violation of any federal or state statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.

8.18 Counterparts and Electronic Signatures and Representations

This Contract may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same Contract. The facsimile, email or electronic signature of the Parties will be deemed to constitute original signatures, and facsimile or electronic copies hereof will be deemed to constitute duplicate originals.

The County and the Contractor hereby agree to regard electronic representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Amendments prepared pursuant to Paragraph 8.1 (Amendments) and received via communications facilities (facsimile, email or electronic signature), as legally sufficient evidence that such legally binding signatures have been affixed to Amendments to this Contract.

8.19 Fair Labor Standards

The Contractor must comply with all applicable provisions of the Federal Fair Labor Standards Act and must indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by the Contractor's employees for which the County may be found jointly or solely liable.

8.20 Force Majeure

- 8.20.1 Neither party will be liable for such party's failure to perform its obligations under and in accordance with this Contract, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this paragraph as "force majeure events").

- 8.20.2 Notwithstanding the foregoing, a default by a subcontractor of the Contractor will not constitute a force majeure event, unless such default arises out of causes beyond the control of both the Contractor and such subcontractor, and without any fault or negligence of either of them. In such case, the Contractor will not be liable for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule. As used in this subparagraph, the term "subcontractor" and "subcontractors" mean subcontractors at any tier.
- 8.20.3 In the event the Contractor's failure to perform arises out of a force majeure event, the Contractor agrees to use commercially reasonable best efforts to obtain goods or services from other sources, if applicable, and to otherwise mitigate the damages and reduce the delay caused by such force majeure event.

8.21 Governing Law, Jurisdiction, and Venue

This Contract will be governed by, and construed in accordance with, the laws of the State of California. The Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Contract and further agrees and consents that venue of any action brought hereunder will be exclusively in the County of Los Angeles.

8.22 Independent Contractor Status

- 8.22.1 This Contract is by and between the County and the Contractor and is not intended, and must not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between the County and the Contractor. The employees and agents of one party must not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.
- 8.22.2 The Contractor will be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Contract all compensation and benefits. The County will have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, federal, state, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of the Contractor.
- 8.22.3 The Contractor understands and agrees that all persons performing work pursuant to this Contract are, for purposes of Workers' Compensation liability, solely employees of the Contractor and not employees of the County. The Contractor will be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with

any work performed by or on behalf of the Contractor pursuant to this Contract.

- 8.22.4 The Contractor must adhere to the provisions stated in Paragraph 7.6 (Confidentiality).

8.23 Indemnification

The Contractor must indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, agents and volunteers (County Indemnitees) from and against any and all liability, including but not limited to demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from and/or relating to this Contract, except for such loss or damage arising from the sole negligence or willful misconduct of the County indemnitees.

8.24 General Provisions for all Insurance Coverage

- 8.24.1 Without limiting the Contractor's indemnification of the County, and in the performance of this Contract and until all of its obligations pursuant to this Contract have been met, the Contractor must provide and maintain at its own expense insurance coverage satisfying the requirements specified in Paragraphs 8.24 and 8.25 of this Contract. 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 the Contractor pursuant to this Contract. The County in no way warrants that the Required Insurance is sufficient to protect the Contractor for liabilities which may arise from or relate to this Contract.

8.24.2 Evidence of Coverage and Notice to County

- 8.24.2.1** Certificate(s) of insurance coverage (Certificate) satisfactory to the County, and a copy of an Additional Insured endorsement confirming the County and its Agents (defined below) has been given Insured status under the Contractor's General Liability policy, must be delivered to the County at the address shown below and provided prior to commencing services under this Contract.
- 8.24.2.2** Renewal Certificates must be provided to the County not less than ten (10) days prior to the Contractor's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Contractor and/or sub-contractor insurance policies at any time.
- 8.24.2.3** Certificates must identify all Required Insurance coverage types and limits specified herein, reference this Contract by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on

the Certificate must match the name of the Contractor identified as the contracting party in this Contract. Certificates must 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 fifty thousand dollars (\$50,000), and list any County required endorsement forms.

8.24.2.4 Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Contractor, its insurance broker(s) and/or insurer(s), will be construed as a waiver of any of the Required Insurance provisions.

8.24.2.5 Certificates and copies of any required endorsements must be sent electronically to:

Humphrey Ahaiwe of County of Los Angeles at
DHR's Occupational Health and Leave Management
Division at hahaiwe@hr.lacounty.gov

8.24.2.6 The Contractor also must promptly report to the County any injury or property damage accident or incident, including any injury to a contractor employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to the Contractor. The Contractor also must promptly notify County of any third-party claim or suit filed against the Contractor or any of its subcontractors which arises from or relates to this Contract and could result in the filing of a claim or lawsuit against the Contractor and/or the County.

8.24.3 Additional Insured Status and Scope of Coverage

The County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, employees and volunteers (collectively the County and its Agents) must be provided additional insured status under the Contractor's General Liability policy with respect to liability arising out of the Contractor's ongoing and completed operations performed on behalf of the County. The County and its Agents additional insured status must apply with respect to liability and defense of suits arising out of the Contractor's acts or omissions, whether such liability is attributable to the Contractor or to the County. The full policy limits and scope of protection also must apply to the County and its Agents as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured

endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

8.24.4 Cancellation of or Changes in Insurance

The Contractor must provide the County with, or the Contractor's insurance policies must contain a provision that the County will 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 must be provided to the County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Contract, in the sole discretion of the County, upon which the County may suspend or terminate this Contract.

8.24.5 Failure to Maintain Insurance

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

8.24.6 Insurer Financial Ratings

Coverage must be placed with insurers acceptable to the County with A.M. Best ratings of not less than A:VII unless otherwise approved by the County.

8.24.7 Contractor's Insurance Must Be Primary

The Contractor's insurance policies, with respect to any claims related to this Contract, must be primary with respect to all other sources of coverage available to the Contractor. Any County maintained insurance or self-insurance coverage must be in excess of and not contribute to any Contractor coverage.

8.24.8 Waivers of Subrogation

To the fullest extent permitted by law, the Contractor hereby waives its rights and its insurer(s)' rights of recovery against the County under all the Required Insurance for any loss arising from or relating to this Contract. The Contractor must require its insurers to execute any waiver of subrogation endorsements which may be necessary to effect such waiver.

8.24.9 Subcontractor Insurance Coverage Requirements

The Contractor must include all subcontractors as insureds under the Contractor's own policies or must provide the County with each subcontractor's separate evidence of insurance coverage. The Contractor will be responsible for verifying each subcontractor complies with the Required Insurance provisions herein and must require that each subcontractor name the County and the Contractor as additional insureds on the subcontractor's General Liability policy. The Contractor must obtain the County's prior review and approval of any subcontractor request for modification of the Required Insurance.

8.24.10 Deductibles and Self-Insured Retentions (SIRs)

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

8.24.11 Claims Made Coverage

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

8.24.12 Application of Excess Liability Coverage

The Contractor 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.

8.24.13 Separation of Insureds

All liability policies must 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.

8.24.14 Alternative Risk Financing Programs

The County reserves the right to review, and then approve, the Contractor use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. The County and its Agents must be

designated as an Additional Covered Party under any approved program.

8.24.15 **County Review and Approval of Insurance Requirements**

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

8.25 **Insurance Coverage**

- 8.25.1 **Commercial General Liability** insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming the County 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

- 8.25.2 **Automobile Liability** insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance must cover liability arising out of the Contractor's use of autos pursuant to this Contract, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

- 8.25.3 **Workers Compensation and Employers' Liability** insurance or qualified self- insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If the Contractor will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also must include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer. The written notice must be provided to the County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. If applicable to the Contractor's operations, coverage also must be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

- 8.25.4 **Unique Insurance Coverage**

8.25.4.1 Intentionally Omitted

8.25.4.2 Professional Liability-Errors and Omissions

Insurance covering the Contractor's liability arising from or related to this Contract, with limits of not less than \$1 million per claim and \$3 million aggregate. Further, the Contractor understands and agrees it must maintain such coverage for a period of not less than three (3) years following this Contract's expiration, termination or cancellation.

8.25.4.3 Property Coverage

Contractors given exclusive use of County owned or leased property must carry property coverage at least as broad as that provided by the ISO special causes of loss (ISO policy form CP 10 30) form. The County and its Agents must be named as an Additional Insured and Loss Payee on the Contractor's insurance as its interests may appear. Automobiles and mobile equipment must be insured for their actual cash value. Real property and all other personal property must be insured for their full replacement value.

8.25.4.4 Intentionally Omitted

8.25.4.5 Technology Errors & Omissions Insurance

Insurance for liabilities arising from errors, omissions, or negligent acts in rendering or failing to render computer or information technology services and technology products. Coverage for violation of software copyright should be included. Technology services should at a minimum include (1) systems analysis; (2) systems programming; (3) data processing; (4) systems integration; (5) outsourcing including outsourcing development and design; (6) systems design, consulting, development and modification; (7) training services relating to computer software or hardware; (8) management, repair and maintenance of computer products, networks and systems; (9) marketing, selling, servicing, distributing, installing and maintaining computer hardware or software; (10) data entry, modification, verification, maintenance, storage, retrieval or preparation of data output, and any other services provided by the vendor with limits of not less than \$10 million.

8.25.4.6 Cyber Liability Insurance

The Contractor must secure and maintain cyber liability insurance coverage with limits of \$5 million per occurrence and in the aggregate during the term of the Contract, including coverage for: network security liability; privacy liability; privacy regulatory proceeding, defense, response, expenses and

fines; technology professional liability (errors and omissions); privacy breach expense reimbursement (liability arising from the loss or disclosure of County Information no matter how it occurs); system breach; denial or loss of service; introduction, implantation, or spread of malicious software code; unauthorized access to or use of computer systems; and Data/Information loss and business interruption; any other liability or risk that arises out of the Contract. The Contractor must add the County as an additional insured to its cyber liability insurance policy and provide to the County certificates of insurance evidencing the foregoing upon the County's request. The procuring of the insurance described herein, or delivery of the certificates of insurance described herein, will not be construed as a limitation upon the Contractor's liability or as full performance of its indemnification obligations hereunder. No exclusion/restriction for unencrypted portable devices/media may be on the policy.

8.25.4.7 Performance Security Requirements

The Performance Security Requirements may be provided by one of the following and conditioned upon faithful performance and satisfactory completion of services by the Contractor.

- 8.25.5.1 Performance Bond: A faithful performance bond in the sum of not less than \$500,000.00 payable to the County of Los Angeles and executed by a corporate surety licensed to transact business in the State of California; or
- 8.25.5.2 Certificate of Deposit ("CD") or Letter of Credit ("LOC"): A CD or Irrevocable LOC payable to the County upon demand in an amount not less than \$500,000.00. Such CD or LOC must comply with minimum criteria and standards established by the County and be maintained throughout the term of the Contract.

8.26 Liquidated Damages

- 8.26.1 If, in the judgment of the Director, or their designee, the Contractor is deemed to be non-compliant with the terms and obligations assumed hereby, the Director, or his/her designee, at their option, in addition to, or in lieu of, other remedies provided herein, may withhold the entire monthly payment or deduct pro rata from the Contractor's invoice for work not performed. A description of the work not performed and the amount to be withheld or deducted from payments to the Contractor from

the County, will be forwarded to the Contractor by the Director, or their designee, in a written notice describing the reasons for said action.

- 8.26.2 If the Director, or their designee, determines that there are deficiencies in the performance of this Contract that the Director, or his/her designee, deems are correctable by the Contractor over a certain time span, the Director, or their designee, will provide a written notice to the Contractor to correct the deficiency within specified time frames. Should the Contractor fail to correct deficiencies within said time frame, the Director, or their designee, may: (a) Deduct from the Contractor's payment, pro rata, those applicable portions of the Monthly Contract Sum; and/or (b) Deduct liquidated damages. The parties agree that it will be impracticable or extremely difficult to fix the extent of actual damages resulting from the failure of the Contractor to correct a deficiency within the specified time frame. The parties hereby agree that under the current circumstances a reasonable estimate of such damages is One Hundred Dollars (\$100) per day per infraction, or as specified in Attachment 2 (Performance Requirements Summary [PRS]) Chart of Exhibit A (Statement of Work and Attachments) hereunder, and that the Contractor will be liable to the County for liquidated damages in said amount. Said amount will be deducted from the County's payment to the Contractor; and/or (c) Upon giving five (5) days' notice to the Contractor for failure to correct the deficiencies, the County may correct any and all deficiencies and the total costs incurred by the County for completion of the work by an alternate source, whether it be County forces or separate private contractor, will be deducted and forfeited from the payment to the Contractor from the County, as determined by the County.
- 8.26.3 The action noted in Paragraph 8.26.2 must not be construed as a penalty, but as adjustment of payment to the Contractor to recover the County cost due to the failure of the Contractor to complete or comply with the provisions of this Contract.
- 8.26.4 This Paragraph must not, in any manner, restrict or limit the County's right to damages for any breach of this Contract provided by law or as specified in the PRS or Paragraph 8.26.2, and must not, in any manner, restrict or limit the County's right to terminate this Contract as agreed to herein.

8.27 Most Favored Public Entity

If the Contractor's prices decline or should the Contractor at any time during the term of this Contract provide the same goods or services under similar quantity and delivery conditions to the State of California or any county, municipality, or district of the State at prices below those set forth in this Contract, then such lower prices must be immediately extended to the County.

8.28 Nondiscrimination and Affirmative Action

- 8.28.1 The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and will be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable federal and state anti-discrimination laws and regulations.
- 8.28.2 The Contractor certifies to the County each of the following:
 - 8.28.2.1** That Contractor has a written policy statement prohibiting discrimination in all phases of employment.
 - 8.28.2.2** That Contractor periodically conducts a self-analysis or utilization analysis of its work force.
 - 8.28.2.3** That Contractor has a system for determining if its employment practices are discriminatory against protected groups.
 - 8.28.2.4** Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables.
- 8.28.3 The Contractor must take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable federal and state anti-discrimination laws and regulations. Such action must include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- 8.28.4 The Contractor certifies and agrees that it will deal with its subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation.
- 8.28.5 The Contractor certifies and agrees that it, its affiliates, subsidiaries, or holding companies will comply with all applicable federal and state laws and regulations to the end that no person will, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract.
- 8.28.6 The Contractor will allow County representatives access to the Contractor's employment records during regular business hours to verify

compliance with the provisions of this Paragraph 8.28 (Nondiscrimination and Affirmative Action) when so requested by the County.

8.28.7 If the County finds that any provisions of this Paragraph 8.28 (Nondiscrimination and Affirmative Action) have been violated, such violation will constitute a material breach of this Contract upon which the County may terminate or suspend this Contract. While the County reserves the right to determine independently that the anti-discrimination provisions of this Contract have been violated, in addition, a determination by the California Fair Employment and Housing Commission or the Federal Equal Employment Opportunity Commission that the Contractor has violated federal or state anti-discrimination laws or regulations will constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Contract.

8.28.8 The parties agree that in the event the Contractor violates any of the anti-discrimination provisions of this Contract, the County will, at its sole option, be entitled to the sum of Five Hundred Dollars (\$500) for each such violation pursuant to California Civil Code Section 1671 as liquidated damages in lieu of terminating or suspending this Contract.

8.29 Non Exclusivity

Nothing herein is intended nor will be construed as creating any exclusive arrangement with the Contractor. This Contract will not restrict the County from acquiring similar, equal or like goods and/or services from other entities or sources.

8.30 Notice of Delays

Except as otherwise provided under this Contract, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party must, within one (1) Business Day, give notice thereof, including all relevant information with respect thereto, to the other party.

8.31 Notice of Disputes

The Contractor must bring to the attention of the County's Project Manager and/or County's Project Director any dispute between the County and the Contractor regarding the performance of services as stated in this Contract. If the County's Project Manager or the County's Project Director is not able to resolve the dispute, the Director, or designee will resolve it.

8.32 Notice to Employees Regarding the Federal Earned Income Credit

The Contractor must notify its employees, and will require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice must be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015.

8.33 Notice to Employees Regarding the Safely Surrendered Baby Law

The Contractor must notify and provide to its employees, and will require each subcontractor to notify and provide to its employees, information regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The information is set forth in Exhibit G (Safely Surrendered Baby Law) of this Contract. Additional information is available at <https://lacounty.gov/residents/family-services/child-safety/safely-surrender/>.

8.34 Notices

All notices or demands required or permitted to be given or made under this Contract must be in writing and will be hand delivered with signed receipt or mailed by first class registered or certified mail, postage prepaid, addressed to the parties as identified in Exhibits D (County's Administration) and E (Contractor's Administration). Addresses may be changed by either party giving ten (10) days prior written notice thereof to the other party. The Director or designee will have the authority to issue all notices or demands required or permitted by the County under this Contract.

8.35 Prohibition Against Inducement or Persuasion

Notwithstanding the above, the Contractor and the County agree that, during the term of this Contract and for a period of one year thereafter, neither party will in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

8.36 Public Records Act

- 8.36.1 Any documents submitted by the Contractor; all information obtained in connection with the County's right to audit and inspect the Contractor's documents, books, and accounting records pursuant to Paragraph 8.38 (Record Retention and Inspection-Audit Settlement) of this Contract; as well as those documents which were required to be submitted in response to the Request for Proposals (RFP) used in the solicitation process for this Contract, become the exclusive property of the County. All such documents become a matter of public record and will be regarded as public records. Exceptions will be those elements in the [California Government Code Section 7921 et seq.](#) (Public Records Act) and which are marked "trade secret," "confidential," or "proprietary." The County will not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.
- 8.36.2 In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "trade

secret,” “confidential,” or “proprietary,” the Contractor agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney’s fees, in action or liability arising under the Public Records Act.

8.37 Publicity

8.37.1 The Contractor must not disclose any details in connection with this Contract to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing the Contractor’s need to identify its services and related clients to sustain itself, the County will not inhibit the Contractor from publishing its role under this Contract within the following conditions:

8.37.1.1 The Contractor must develop all publicity material in a professional manner; and

8.37.1.2 During the term of this Contract, the Contractor will not, and will not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of the County without the prior written consent of the County’s Project Director. The County will not unreasonably withhold written consent.

8.37.2 The Contractor may, without the prior written consent of the County, indicate in its proposals and sales materials that it has been awarded this Contract with the County of Los Angeles, provided that the requirements of this Paragraph 8.37 (Publicity) will apply.

8.38 Record Retention and Inspection-Audit Settlement

8.38.1 The Contractor must maintain accurate and complete financial records of its activities and operations relating to this Contract in accordance with generally accepted accounting principles. The Contractor must also maintain accurate and complete employment and other records relating to its performance of this Contract. The Contractor agrees that the County, or its authorized representatives, will have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or record relating to this Contract. All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, and proprietary data and information, will be kept and maintained by the Contractor and will be made available to the County during the term of this Contract and for a period of five (5) years thereafter unless the County’s written permission is given to dispose of any such material prior to such time. All such material must be maintained by the Contractor at a location in Los Angeles County, provided that if any such material is located outside Los Angeles County, then, at the County’s option, the Contractor will pay

the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such material at such other location.

8.38.2 In the event that an audit of the Contractor is conducted specifically regarding this Contract by any federal or state auditor, or by any auditor or accountant employed by the Contractor or otherwise, then the Contractor must file a copy of such audit report with the County's Auditor Controller within thirty (30) days of the Contractor's receipt thereof, unless otherwise provided by applicable federal or state law or under this Contract. Subject to applicable law, the County will make a reasonable effort to maintain the confidentiality of such audit report(s)

8.38.3. Failure on the part of the Contractor to comply with any of the provisions of this subparagraph 8.38 will constitute a material breach of this Contract upon which the County may terminate or suspend this Contract.

8.38.3 If, at any time during the term of this Contract or within five (5) years after the expiration or termination of this Contract, representatives of the County conduct an audit of the Contractor regarding the work performed under this Contract, and if such audit finds that the County's dollar liability for any such work is less than payments made by the County to the Contractor, then the difference must be either: a) repaid by the Contractor to the County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to the Contractor from the County, whether under this Contract or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the Contractor, then the difference will be paid to the Contractor by the County by cash payment, provided that in no event will the County's maximum obligation for this Contract exceed the funds appropriated by the County for the purpose of this Contract.

8.39 Recycled Bond Paper

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on this Contract.

8.40 Subcontracting

8.40.1 The requirements of this Contract may not be subcontracted by the Contractor without the advance approval of the County. Any attempt by the Contractor to subcontract without the prior consent of the County may be deemed a material breach of this Contract.

8.40.2 If the Contractor desires to subcontract, the Contractor must provide the following information promptly at the County's request:

8.40.2.1 A description of the work to be performed by the subcontractor.

8.40.2.2 A draft copy of the proposed subcontract; and

8.40.2.3 Other pertinent information and/or certifications requested by the County.

8.40.3 The Contractor must indemnify, defend, and hold the County harmless with respect to the activities of each and every subcontractor in the same manner and to the same degree as if such subcontractor(s) were the Contractor employees.

8.40.4 The Contractor will remain fully responsible for all performances required of it under this Contract, including those that the Contractor has determined to subcontract, notwithstanding the County's approval of the Contractor's proposed subcontract.

8.40.5 The County's consent to subcontract will not waive the County's right to prior and continuing approval of any and all personnel, including subcontractor employees, providing services under this Contract. The Contractor is responsible to notify its subcontractors of this County right.

8.40.6 The County's Project Director is authorized to act for and on behalf of the County with respect to approval of any subcontract and subcontractor employees. After approval of the subcontract by the County, the Contractor must forward a fully executed subcontract to the County for their files.

8.40.7 The Contractor will be solely liable and responsible for all payments or other compensation to all subcontractors and their officers, employees, agents, and successors in interest arising through services performed hereunder, notwithstanding the County's consent to subcontract.

8.40.8 The Contractor must obtain certificates of insurance, which establish that the subcontractor maintains all the programs of insurance required by the County from each approved subcontractor. Before any subcontractor employee may perform any work hereunder, the Contractor must ensure electronic delivery of all such documents to:

Humphrey Ahaiwe of DHR's Occupational Health and Leave Management Division at hahaiwe@hr.lacounty.gov.

8.41 Termination for Breach of Warranty to Maintain Compliance with County's Child Support Compliance Program

Failure of the Contractor to maintain compliance with the requirements set forth in Paragraph 8.14 (Contractor's Warranty of Adherence to County's Child Support Compliance Program) will constitute default under this Contract. Without limiting the rights and remedies available to the County under any other provision of this Contract, failure of the Contractor to cure such default within ninety (90) calendar

days of written notice will be grounds upon which the County may terminate this Contract pursuant to Paragraph 8.43 (Termination for Default) and pursue debarment of the Contractor, pursuant to [County Code Chapter 2.202](#).

8.42 Termination for Convenience

- 8.42.1 This Contract may be terminated, in whole or in part, from time to time, when such action is deemed by the County, in its sole discretion, to be in its best interest. Termination of work hereunder will be effected by notice of termination to the Contractor specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective will be no less than ten (10) days after the notice is sent.
- 8.42.2 After receipt of a notice of termination and except as otherwise directed by the County, the Contractor must:
 - 8.42.2.1** Stop work under this Contract on the date and to the extent specified in such notice, and
 - 8.42.2.2** Complete performance of such part of the work as would not have been terminated by such notice.
- 8.42.3 All material including books, records, documents, or other evidence bearing on the costs and expenses of the Contractor under this Contract must be maintained by the Contractor in accordance with Paragraph 8.38 (Record Retention and Inspection-Audit Settlement).

8.43 Termination for Default

- 8.43.1 The County may, by written notice to the Contractor, terminate the whole or any part of this Contract, if, in the judgment of County's Project Director:
 - 8.43.1.1** The Contractor has materially breached this Contract; or
 - 8.43.1.2** The Contractor fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either under this Contract; or
 - 8.43.1.3** The Contractor fails to demonstrate a high probability of timely fulfillment of performance requirements under this Contract, or of any obligations of this Contract and in either case, fails to demonstrate convincing progress toward a cure within five (5) working days (or such longer period as the County may authorize in writing) after receipt of written notice from the County specifying such failure.
- 8.43.2 In the event that the County terminates this Contract in whole or in part as provided in Paragraph 8.43.1, the County may procure, upon such terms and in such manner as the County may deem appropriate, goods

and services similar to those so terminated. The Contractor will be liable to the County for any and all excess costs incurred by the County, as determined by the County, for such similar goods and services. The Contractor will continue the performance of this Contract to the extent not terminated under the provisions of this paragraph.

- 8.43.3 Except with respect to defaults of any subcontractor, the Contractor will not be liable for any such excess costs of the type identified in sub-paragraph 8.43.2 if its failure to perform this Contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not limited to: acts of God or of the public enemy, acts of the County in either its sovereign or contractual capacity, acts of federal or state governments in their sovereign capacities, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor will not be liable for any such excess costs for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule. As used in this paragraph, the term "subcontractor(s)" means subcontractor(s) at any tier.
- 8.43.4 If, after the County has given notice of termination under the provisions of Paragraph 8.43 (Termination for Default) it is determined by the County that the Contractor was not in default under the provisions of Paragraph 8.43 (Termination for Default) or that the default was excusable under the provisions of sub-paragraph 8.43.3, the rights and obligations of the parties will be the same as if the notice of termination had been issued pursuant to Paragraph 8.42 (Termination for Convenience).
- 8.43.5 The rights and remedies of the County provided in this Paragraph 8.43 (Termination for Default) will not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.44 Termination for Improper Consideration

- 8.44.1 The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Contract if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Contract or securing favorable treatment with respect to the award, amendment, or extension of this Contract or the making of any determinations with

respect to the Contractor's performance pursuant to this Contract. In the event of such termination, the County will be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

8.44.2 The Contractor must immediately report any attempt by a County officer or employee to solicit such improper consideration. The report must be made to the Los Angeles County Fraud Hotline at (800) 544-6861 or <https://fraud.lacounty.gov/>.

8.44.3 Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.

8.45 Termination for Insolvency

8.45.1 The County may terminate this Contract forthwith in the event of the occurrence of any of the following:

8.45.1.1 Insolvency of the Contractor. The Contractor will be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Contractor is insolvent within the meaning of the Federal Bankruptcy Code;

8.45.1.2 The filing of a voluntary or involuntary petition regarding the Contractor under the Federal Bankruptcy Code;

8.45.1.3 The appointment of a Receiver or Trustee for the Contractor; or

8.45.1.4 The execution by the Contractor of a general assignment for the benefit of creditors.

8.45.2 The rights and remedies of the County provided in this Paragraph 8.45 (Termination for Insolvency) will not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.46 Termination for Non-Adherence of County Lobbyist Ordinance

The Contractor, and each County Lobbyist or County Lobbying firm as defined in [County Code Section 2.160.010](#) retained by the Contractor, must fully comply with the County's Lobbyist Ordinance, [County Code Chapter 2.160](#). Failure on the part of the Contractor or any County Lobbyist or County Lobbying firm retained by the Contractor to fully comply with the County's Lobbyist Ordinance will constitute a material breach of this Contract, upon which the County may in its sole discretion, immediately terminate or suspend this Contract.

8.47 Termination for Non-Appropriation of Funds

Notwithstanding any other provision of this Contract, the County will not be obligated for the Contractor's performance hereunder or by any provision of this Contract during any of the County's future fiscal years unless and until the County's Board of Supervisors appropriates funds for this Contract in the County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Contract, then this Contract will terminate as of June 30 of the last fiscal year for which funds were appropriated. The County will notify the Contractor in writing of any such non-allocation of funds at the earliest possible date.

8.48 Validity

If any provision of this Contract or the application thereof to any person or circumstance is held invalid, the remainder of this Contract and the application of such provision to other persons or circumstances will not be affected thereby.

8.49 Waiver

No waiver by the County of any breach of any provision of this Contract will constitute a waiver of any other breach or of such provision. Failure of the County to enforce at any time, or from time to time, any provision of this Contract will not be construed as a waiver thereof. The rights and remedies set forth in this paragraph 8.49 will not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.50 Warranty Against Contingent Fees

8.50.1 The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any Contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

8.50.2 For breach of this warranty, the County will have the right to terminate this Contract and, at its sole discretion, deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

8.51 Warranty of Compliance with County's Defaulted Property Tax Reduction Program

The Contractor acknowledges that the County has established a goal of ensuring that all individuals and businesses that benefit financially from the County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

Unless Contractor qualifies for an exemption or exclusion, the Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during

the term of this Contract will maintain compliance, with [Los Angeles County Code Chapter 2.206](#).

8.52 Termination for Breach of Warranty to Maintain Compliance with County's Defaulted Property Tax Reduction Program

Failure of the Contractor to maintain compliance with the requirements set forth in Paragraph 8.51 "Warranty of Compliance with County's Defaulted Property Tax Reduction Program" will constitute default under this Contract. Without limiting the rights and remedies available to the County under any other provision of this Contract, failure of the Contractor to cure such default within ten (10) days of notice will be grounds upon which the County may terminate this Contract and/or pursue debarment of the Contractor, pursuant to [Los Angeles County Code Chapter 2.206](#).

8.53 Time Off for Voting

The Contractor must notify its employees and must require each subcontractor to notify and provide to its employees, information regarding the time off for voting law ([Elections Code Section 14000](#)). Not less than ten (10) days before every statewide election, every Contractor and subcontractors must keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of [Section 14000](#).

8.54 Compliance with County's Zero Tolerance Policy on Human Trafficking

The Contractor acknowledges that the County has established a Zero Tolerance Policy on Human Trafficking prohibiting contractors from engaging in human trafficking.

If a Contractor or member of the Contractor's staff is convicted of a human trafficking offense, the County will require that the Contractor or member of Contractor's staff be removed immediately from performing services under the Contract. The County will not be under any obligation to disclose confidential information regarding the offenses other than those required by law.

Disqualification of any member of the Contractor's staff pursuant to this paragraph will not relieve the Contractor of its obligation to complete all work in accordance with the terms and conditions of this Contract.

8.55 Intentionally Omitted

8.56 Compliance with Fair Chance Employment Hiring Practices

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

8.57 Compliance with the County Policy of Equity

The Contractor acknowledges that the County takes its commitment to preserving the dignity and professionalism of the workplace very seriously, as set forth in the County Policy of Equity (CPOE) (<https://ceop.lacounty.gov/>). The Contractor further acknowledges that the County strives to provide a workplace free from discrimination, harassment, retaliation and inappropriate conduct based on a protected characteristic, and which may violate the CPOE. The Contractor, its employees and subcontractors acknowledge and certify receipt and understanding of the CPOE. Failure of the Contractor, its employees or its subcontractors to uphold the County's expectations of a workplace free from harassment and discrimination, including inappropriate conduct based on a protected characteristic, may subject the Contractor to termination of contractual agreements as well as civil liability.

8.58 Prohibition from Participation in Future Solicitation(s)

A Proposer, or a Contractor or its subsidiary or Subcontractor ("Proposer/Contractor"), is prohibited from submitting a bid or proposal in a County solicitation if the Proposer/Contractor has provided advice or consultation for the solicitation. A Proposer/Contractor is also prohibited from submitting a bid or proposal in a County solicitation if the Proposer/Contractor has developed or prepared any of the solicitation materials on behalf of the County. A violation of this provision will result in the disqualification of the Contractor/Proposer from participation in the County solicitation or the termination or cancellation of any resultant County contract. This provision will survive the expiration, or other termination of this Contract.

8.59 Injury and Illness Prevention Program

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

9 UNIQUE TERMS AND CONDITIONS

9.1 Health Insurance Portability and Accountability Act of 1996 (HIPAA)

The County is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The Contractor expressly acknowledges and agrees that the provision of services under this Contract does not require or permit access by the Contractor or any of its employees to any County health information within the meaning of "protected health information" in 45 Code of Federal Regulations (C.F.R.) Section 160.103, created, maintained, received, transmitted by the Contractor from or on behalf of the County. Accordingly, the Contractor will instruct its employees that they are not

to use this Contract as a means by which to pursue and gain access to County Protected Health Information. The foregoing acknowledgement is not intended to in any way restrict the Contractor's pursuit of access to medical information held by the County, County departments, County facilities or other health care providers to the extent such access is otherwise required or permitted by law, including but not limited to 45 C.F.R. 160 and 164 and Cal. Civil Code Section 56 et seq.

9.2 Ownership of Materials, Software and Copyright

- 9.2.1 The County will be the sole owner of all right, title and interest, including copyright, in and to all software, plans, diagrams, facilities, and tools (hereafter "materials") which are originated or created through the Contractor's work pursuant to this Contract. The Contractor, for valuable consideration herein provided, must execute all documents necessary to assign and transfer to, and vest in the County all of the Contractor's right, title and interest in and to such original materials, including any copyright, patent and trade secret rights which arise pursuant to the Contractor's work under this Contract.
- 9.2.2 During the term of this Contract and for five (5) years thereafter, the Contractor must maintain and provide security for all of the Contractor's working papers prepared under this Contract. The County will have the right to inspect, copy and use at any time during and subsequent to the term of this Contract, any and all such working papers and all information contained therein.
- 9.2.3 Any and all materials, software and tools which are developed or were originally acquired by the Contractor outside the scope of this Contract, which the Contractor desires to use hereunder, and which the Contractor considers to be proprietary or confidential, must be specifically identified by the Contractor to the County's Project Manager as proprietary or confidential, and must be plainly and prominently marked by the Contractor as "Proprietary" or "Confidential" on each appropriate page of any document containing such material.
- 9.2.4 The County will use reasonable means to ensure that the Contractor's proprietary and/or confidential items are safeguarded and held in confidence. The County agrees not to reproduce, distribute or disclose to non-County entities any such proprietary and/or confidential items without the prior written consent of the Contractor.
- 9.2.5 Notwithstanding any other provision of this Contract, the County will not be obligated to the Contractor in any way under sub-paragraph 9.2.4 for any of the Contractor's proprietary and/or confidential items which are not plainly and prominently marked with restrictive legends as required by Sub-paragraph 9.2.3 or for any disclosure which the County is required to make under any state or federal law or order of court.

- 9.2.6 All the rights and obligations of this Paragraph 9.2 will survive the expiration or termination of this Contract.

9.3 Patent, Copyright and Trade Secret Indemnification

- 9.3.1 The Contractor must indemnify, hold harmless and defend the County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, for or by reason of any actual or alleged infringement of any third party's patent or copyright, or any actual or alleged unauthorized trade secret disclosure, arising from or related to the operation and utilization of the Contractor's work under this Contract. The County will inform the Contractor as soon as practicable of any claim or action alleging such infringement or unauthorized disclosure, and will support the Contractor's defense and settlement thereof.
- 9.3.2 In the event any equipment, part thereof, or software product becomes the subject of any complaint, claim, or proceeding alleging infringement or unauthorized disclosure, such that the County's continued use of such item is formally restrained, enjoined, or subjected to a risk of damages, the Contractor, at its sole expense, and providing that the County's continued use of the system is not materially impeded, must either:
- 9.3.2.1** Procure for the County all rights to continued use of the questioned equipment, part, or software product; or
 - 9.3.2.2** Replace the questioned equipment, part, or software product with a non-questioned item; or
 - 9.3.2.3** Modify the questioned equipment, part, or software so that it is free of claims.
- 9.3.3 The Contractor will have no liability if the alleged infringement or unauthorized disclosure is based upon a use of the questioned product, either alone or in combination with other items not supplied by the Contractor, in a manner for which the questioned product was not designed nor intended.

9.4 Data Destruction

Contractor(s) and Vendor(s) that have maintained, processed, or stored the County of Los Angeles' ("County") data and/or information, implied or expressed, have the sole responsibility to certify that the data and information have been appropriately destroyed consistent with the National Institute of Standards and Technology (NIST) Special Publication SP 800-88 titled Guidelines for Media Sanitization. Available at:

<http://csrc.nist.gov/publications/PubsDrafts.html#SP-800-88 Rev.%201>

The data and/or information may be stored on purchased, leased, or rented electronic storage equipment (e.g., printers, hard drives) and electronic devices

(e.g., servers, workstations) that are geographically located within the County, or external to the County's boundaries. The County must receive within ten (10) business days, a signed document from Contractor(s) and Vendor(s) that certifies and validates the data and information were placed in one or more of the following stored states: unusable, unreadable, and indecipherable.

Vendor must certify that any County data stored on purchased, leased, or rented electronic storage equipment and electronic devices, including, but not limited to printers, hard drives, servers, and/or workstations are destroyed consistent with the current National Institute of Standard and Technology (NIST) Special Publication SP-800-88, Guidelines for Media Sanitization. Vendor must provide County with written certification, within ten (10) business days of removal of any electronic storage equipment and devices that validates that any and all County data was destroyed and is unusable, unreadable, and/or undecipherable.

9.5 Intentionally Omitted

9.6 Intentionally Omitted

9.7 Intentionally Omitted

10 Survival

In addition to any terms and conditions of this Contract that expressly survive expiration or termination of this Contract by their terms, the following provisions will survive the expiration or termination of this Contract for any reason:

Paragraph 1 (Applicable Documents)

Paragraph 2 (Definitions)

Paragraph 3 (Work)

Paragraph 5.4 (No Payment for Services Provided Following
Expiration/Termination of Contract)

Paragraph 7.6 (Confidentiality)

Paragraph 8.1 (Amendments)

Paragraph 8.2 (Assignment and Delegation/Mergers or Acquisitions)

Paragraph 8.6.2

Paragraph 8.19 (Fair Labor Standards)

Paragraph 8.20 (Force Majeure)

Paragraph 8.21 (Governing Law, Jurisdiction, and Venue)

Paragraph 8.23 (Indemnification)

Paragraph 8.24 (General Provisions for all Insurance Coverage)

Paragraph 8.25 (Insurance Coverage)

Paragraph 10 (Survival)

//

IN WITNESS WHEREOF, the Contractor has executed this Contract, or caused it to be duly executed, and the County of Los Angeles, by order of its Board of Supervisors, has caused this Contract to be executed on its behalf by the Director of Personnel of the Department of Human Resources, or designee, on the day and year first above written.

CONTRACTOR

SEDGWICK CLAIMS MANAGEMENT
SERVICES, INC.

By

Michael Shook

Name

Senior Vice President

Title

COUNTY OF LOS ANGELES

By

LISA M. GARRETT

Director of Personnel

Department of Human Resources

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By Eduardo Montelongo
Eduardo Montelongo
Assistant County Counsel

EXHIBIT A

STATEMENT OF WORK AND ATTACHMENTS

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- 2 Performance Requirements Summary (“PRS”)
- 3 Eligible and Participating Employees for Short and Long-Term Disability and Survivor Plan Benefits
- 4 Long-Term Disability and Survivor Benefits: Workload Statistics
- 5 Hearing Log
- 6 Service Level Agreement

STATEMENT OF WORK (SOW)

1.0 INTRODUCTION

This Statement of Work ("SOW") identifies the specific requirements of the Long-Term Disability ("LTD"), Short-Term Disability ("STD"), and Survivor Benefit ("SB") Claims Third-Party Administration Services Contract.

The County of Los Angeles ("County") Board of Supervisors ("Board") approved the County's original LTD and SB plans in 1982; these plans currently cover approximately 114,300 employees. Effective January 1, 1991, the County implemented the MegaFlex expanded cafeteria plan, which included a new LTD plan and introduced a STD plan for covered employees. There are currently approximately 15,100 MegaFlex employees in the County.

1.1 SCOPE OF WORK

The Contractor agrees to provide comprehensive LTD, MegaFlex Employee STD, and non-MegaFlex Employee SB administration services for all pending claims, reopened or new claims, and all appeals reported during the Contract period for eligible County employees. *Note: This Contract does not include services for non-MegaFlex STD or MegaFlex SB Claims Administration services.*

The Department of Human Resources ("DHR") Disability Benefits Unit of the Occupational Health and Leave Management ("OHLM") Division is responsible for the day-to-day administration and operation of the County's LTD, STD and SB plans in order to ensure the full provision of benefits and related services to the eligible employees in 40 County departments and multiple special districts. The claims workload for the past five years is shown in SOW, Exhibit 4 (Long-Term Disability and Survivor Benefits: Workload Statistics).

The Contractor agrees to provide these claims administration services, in accordance with performance standards, including:

- Specific standards set forth in the Contract and Exhibit A (Statement of Work) including the Performance Requirements Summary Chart (Attachment 2 to this Exhibit A [Statement of Work]); and
- All applicable standards and requirements set forth in the LTD, STD and SB County Ordinance Chapters and Codes (including but not necessarily limited to County Codes 5.27, 5.28 and 5.38) and all applicable laws, statutes and/or regulations, including any amendments to these during the term of the Contract, and, if

necessary, as these may be interpreted and recommended by DHR and County Counsel.

2.0 ADDITION AND/OR DELETION OF FACILITIES, SPECIFIC TASKS AND/OR WORK HOURS

All changes must be made in accordance with the Contract, Sub-paragraph 8.1 (Amendments).

3.0 QUALITY CONTROL

3.1 The Contractor must establish and utilize a comprehensive Quality Control Plan to assure the County a consistently high level of service throughout the term of the Contract. The Contractor must submit the Quality Control Plan to the County's Contract Project Monitor for review within thirty (30) Business Days of Contract execution. The Quality Control Plan must include, but may not be limited to, the following:

- 3.1.1 A method of monitoring to ensure that Contract requirements are being met;
- 3.1.2 A record of all inspections conducted by the Contractor, any corrective action taken, the time a problem was first identified, a clear description of the problem and the time elapsed between identification and completed corrective action, must be provided to the County upon request;
- 3.1.3 A system for monitoring compliance with all the services listed in this SOW. The monitoring system must specify the activities to be inspected and audits to be accomplished and the title of the individual(s) who will perform the inspections and audits;
- 3.1.4 The methods for assuring and verifying that the minimum requirements for Disability Claims Examiners are met, including a formal training program for trainees; and
- 3.1.5 The methods for identifying and preventing deficiencies in the quality of service performed before the level of performance becomes unacceptable.

3.2 Customer Satisfaction

The Contractor must:

- 3.2.1 Issue a periodic survey to all County claimants for disability benefits at claim decision and claim closure to obtain customer satisfaction data, and must share this data with the County along with

recommendations on how to address any deficiencies or opportunities for improved service within seven (7) Business Days of its findings.

- 3.2.2 Report monthly to the County on the status of actions taken to correct deficiencies or implement accepted recommendations to improve customer service for County claimants for disability benefits.

3.3 Communications with Claimants

The Contractor must:

- 3.3.1 Create a mechanism to capture and record all communications (verbal, telephonic, or electronic) from a claimant and with a claimant, including records of after-hour communications (email or voice mail). The Contractor must retain communication records in accordance with SOW, Sub-paragraph 6.6.11.2. The Contractor must ensure that such recording mechanisms include appropriate industry standard, legal and regulatory disclaimers of recording and/or electronic record keeping.
- 3.3.2 Ensure that recordings and transcripts of telephonic conversations, email records and/or chat messages between the Contractor's specialists and claimants can be reviewed by the County and, upon request, provided to the County within one (1) Business Day of the County's request.
- 3.3.3 Offer optional automatic callback services at the initiation of a call for service should there be a wait of more than three (3) minutes prior to speaking to a live customer service agent.
- 3.3.4 Ensure that claimants have the option to request a preferred form of communication, such as electronic mail, or in hardcopy paper form, and must communicate with the claimant in the designated manner. In addition, the Contractor must provide correspondence in a large-font format to claimants upon request.
- 3.3.5 Provide communications to claimants in English, and upon request make these communications available in any of the following nine languages: Armenian, Cambodian, Chinese, English, Korean, Russian, Spanish, Tagalog and Vietnamese.

3.4 Data Management and Analytics

- 3.4.1 On a quarterly basis or more frequently upon request, the Contractor must provide Data Management and Analytics services, whereby

data collected from claimants may be analyzed to evaluate services and report on utilization and other metrics.

- 3.4.2 The Contractor must collect data for each of the following fields for each disability benefit claimant:

Personal Information

First Name
 Middle Initial
 Last Name
 Suffix
 Identified Gender (female, male, non-binary, decline to state)
 Mailing Address
 Physical Address (if different)
 Personal Email Address
 Phone Number
 Mobile Number
 Alternate Contact Name
 Alternate Contact Phone Number
 Date of Birth

County Employment Information

Department Code
 Department Name
 Employee Number
 County Continuous Service Date
 Retirement plan
 Health plan Enrollment and participation start date
 Optional Group Term Life Enrollment, if any, and participation date

Claim Information

Assigned Claim Number (one number per each claim)
 Status of LTD Claim (open, pending, accepted, denied, appealed, appeal denied, closed)
 First Day of Absence Due to Total Disability
 Date Claim Received
 Date of Eligibility Determination
 Social Security Claims Status (Accepted/Pending/Denied/Appealed)
 - If denied: Reason for SSD Denial (insufficient quarters / not disabled)

Benefit Information

Basic Benefit (Average Salary for past 12 months X 60%)
 Benefit Coverage Start Date
 Anticipated Benefit Coverage End Date
 Eligibility for Benefits Beyond 24 months (Yes/No)

Each benefit payment must include the following information:

- Dates covered by each payment
- Offsets (if any, detailed)

Offset Information

Open Workers' Compensation Claim (Y/N/not applicable)

- If yes, status of claim (pending, accepted, denied, appeals)
- If accepted, benefit amount

Temporary Disability (Y/N)

- If yes, benefit amount

Rehabilitation Benefits (Y/N)

- If yes, benefit amount

Department Pay (Y/N)

- If yes, benefit amount

Retirement Benefits (Y/N)

- If yes, benefit amount

Payment Data - For each accepted claim

Date Covered by Each Payment

Offset Information, if any

- (Temporary Disability Benefits, Rehabilitation Benefits, Department Pay Retirement Benefits)

Offset Amount(s), if any

Federal and State Income Taxes Withheld

Date Check Ordered by the Contractor

Date Check Issued by the Contractor

4.0 QUALITY ASSURANCE PLAN

The County will evaluate the Contractor's performance under this Contract using the quality assurance procedures as defined in this Contract, Section 8.0 (Standard Terms and Conditions), Paragraph 8.15 (County's Quality Assurance Plan).

4.1 Monthly Meetings

The Contractor is required to attend a scheduled monthly meeting, or more frequently upon the County's request. Failure to attend will cause an assessment of Five Hundred Dollars (\$500) per occurrence. Meetings will typically be telephonic or virtual. The County reserves the right to request in-person meetings at any time. The County will validate parking at the County's facility for any meetings that take place at a County facility.

4.2 Annual Program Performance Meeting

4.2.1 The Contractor must create and provide to the County's Project Manager an annual Stewardship Report (i.e., a summary report that

captures the Contractor's program performance in disability benefit claims administration for the prior fiscal year).

- 4.2.2 The Contractor's Project Manager must meet with the County's Project Manager annually, as determined by the County's Project Manager, to discuss the Contractor's program performance, compare the Contractor's current performance to their prior year's performance, and review the annual report.

4.3 Contract Discrepancy Report (SOW Attachment 1 of this Exhibit A)

Verbal notification of a Contract discrepancy will be made to the Contract Project Monitor as soon as possible whenever a Contract discrepancy is identified. The problem must be resolved within a time period mutually agreed upon by the County and the Contractor.

The County Contract Project Monitor will determine whether a formal Contract Discrepancy Report ("CDR") will be issued. Upon receipt of this document, the Contractor is required to respond in writing to the County Contract Project Monitor within five (5) Business Days, acknowledging the reported discrepancies or presenting contrary evidence. A plan for correction of all deficiencies identified in the CDR must be submitted to the Contract Project Monitor within five (5) Business Days.

4.4 County Observations

In addition to departmental contracting staff, other County personnel may observe performance, activities, and review documents relevant to this Contract at any time during normal business hours. However, these personnel may not unreasonably interfere with the Contractor's performance.

5.0 DEFINITIONS

The following terms will have the indicated meanings. Terms not defined herein will have the meanings set forth in the Contract.

- 5.1 **Authorization for Release of Information ("ROI"):** Authorizes the use or disclosure of the employee's personal health information upon request, to be used to determine eligibility for benefits.
- 5.2 **Business Hours:** 8:00 a.m. PT through 5:00 p.m. PT, Monday through Friday, except for County-recognized holidays.
- 5.3 **Business Continuity Plan:** Describes a structured and integrated process that ensures uninterrupted provision of critical services related to this Contract following an event which could interrupt these business operations. The plan includes a description of critical services and business processes;

Contractor policies and procedures to assure continued business operations following an event; and address, telephone and facsimile numbers, key contacts and all other critical information concerning alternative business processes and/or location(s) following an event.

- 5.4 **Disability Benefits Claims Administration Procedure Manual:** Describes policies and procedures for the administration of County cases, including approval limits, responsibilities, reporting requirements and review of legal services billing.
- 5.5 **Disability – LTD Plan:** The LTD benefit has two separate definitions of “disability.” For the qualifying period and the first 24 months of disability benefits, “total disability” means the complete and continuous inability and incapacity of the employee to perform the duties of their position with the County. After the expiration of 24 months of eligibility for benefit payments, “total disability” means that the employee is disabled within the meaning of the Federal Social Security Act.
- 5.6 **Disability – STD Plan:** Under the STD plan, “disability” means the temporary inability and incapacity of the claimant to perform either the regular or modified duties of their position with the County.
- 5.7 **Disability Benefits Unit (“DBU”):** DHR’s Disability Benefits Unit (“DBU”) provides standardized and uniform processes and procedures on disability management in alignment with County Code Sections 5.27, 5.28 and 5.38 and assists the Disability Management and Compliance Coordinators with guidelines on the processes and procedures for managing STD, LTD and SB claims.
- 5.8 **Disability Management and Compliance Coordinators (“DMCC”):** The individuals from the County departments that may assist in managing disability benefit claims and that coordinate efforts with the DBU and DMC Unit to comply with disability-related processes and procedures.
- 5.9 **Disability Management and Compliance (“DMC”) Unit:** DHR’s Disability Management and Compliance Unit provides standardized and uniform processes and procedures on disability management in alignment with Americans with Disabilities Act (“ADA”) and the County’s Disability Management and Compliance Framework and assists the departmental DMCCs with guidelines on the process for when an employee has been issued work restriction(s) by their healthcare provider. The DMC Unit was formerly referred to as the “Return to Work Unit.”
- 5.10 **Hearing Officer:** The Hearing Officer presides over hearings by conducting a complete and impartial appeal process on various Long-Term Disability benefits administrative cases; monitors and directs compliance activities to

ensure adherence with relevant laws, regulations policies and procedures; and renders a final decision.

- 5.11 **Imprest Fund Bank Account:** A bank account pre-funded by the County to pay estimated long-term disability and survivor benefits.
- 5.12 **Independent Evaluator:** Performs administrative reviews and provides appeals decisions for STD and LTD claims.
- 5.13 **Long-Term Disability Plan:** Offers a monthly income replacement benefit if an employee becomes disabled and is unable to work. Benefits begin to accrue after completing a six-month waiting period.
- 5.14 **LTDH:** Long-term disability health insurance, which provides continued medical coverage protection while an employee is receiving LTD benefits.
- 5.15 **MegaFlex Benefit Plan:** A flexible benefits cafeteria plan for eligible non-represented employees.
- 5.16 **Non-MegaFlex Benefit Plans:** Include Choices Benefit Plan, for employees represented by the Coalition of County Unions; Options Benefit Plan, for employees represented by SEIU Local 721; and Flexible Benefit Plan, for eligible non-represented employees.
- 5.17 **Offsets:** A benefit reduction because of other income benefits that the employee receives for the same disability and the same period of disability, such as workers' compensation and/or County retirement benefits.
- 5.18 **Right of Reimbursement ("ROR"):** Right of Reimbursement confirms the employee's understanding of the County's right to collect duplicate payment received from other sources for the same illness, injury, or pregnancy, or as otherwise required by the Los Angeles County Code of Ordinances.
- 5.19 **Short-Term Disability Plan:** A benefit offered to MegaFlex participants who become injured, ill or pregnant. In order to qualify for benefits for up to a maximum of 26 weeks, an applicant must first observe a mandatory waiting period and be determined "disabled" from their usual and customary occupation with the County.
- 5.20 **Survivor Benefit Plan:** Offers an eligible survivor with an income replacement benefit in the event of the employee's death.
- 5.21 **Workers' Compensation:** A form of insurance providing wage replacement and medical benefits to employees injured in the course of employment.

6.0 RESPONSIBILITIES

The County and the Contractor's responsibilities are as follows:

COUNTY

6.1 Personnel

The County will administer the Contract as set forth in Section 6.0 (Administration of Contract – County) of the Contract. Specific duties will include:

- 6.1.1 Monitoring the Contractor's performance in the daily operation of this Contract.
- 6.1.2 Providing direction to the Contractor in areas relating to policy, information, and procedural requirements.
- 6.1.3 Preparing Amendments and Change Notices in accordance with the Contract, Section 8.0 (Standard Terms and Conditions), Paragraph 8.1 (Amendments).
- 6.1.4 Informing the Contractor of the name, address and telephone number of all key personnel in writing at the time of Contract award.

6.2 Furnished Items

6.2.1 Orientation and Transition Services

During the transition services period, as set forth in Exhibit B (Pricing Sheet), and as requested by the County during the Contract term, the Contractor must provide transition services, as further detailed in SOW, Paragraph 12.1 (Transition Services). As part of transition services, the County will provide, at no cost to the Contractor, orientation to the County's STD, LTD and SB plans for key Contractor personnel, coordinate with the Contractor to ensure the smooth transfer of data from the existing contractor to the new Contractor, and work together with the County to prepare a list of any other required reports, records, and interface requirements. The Contractor will not be entitled to any compensation or other fees and will not be reimbursed for any expense incurred for these transition services.

- 6.2.2 The County will provide the Contractor with data transfer requirements, including but not limited to encryption requirements.

6.2.3 Imprest Fund Bank Account (For LTD and SB Claims Only)

- 6.2.3.1 The County will establish an Imprest Fund Bank Account, which will be prefunded by the County to cover estimated long-term disability and survivor benefit payments.
- 6.2.3.2 The County will issue funds to the Imprest Fund Bank Account no later than five (5) Business Days after receipt of request from the Contractor.
- 6.2.3.3 The Contractor must submit a monthly request for funds to pay the monthly benefits due at least five (5) Business Days prior to payment.
- 6.2.3.4 Separate supplemental requests, if needed, may be made by the Contractor on a weekly basis, five (5) Business Days in advance for benefits paid outside of the regular monthly cycle.
- 6.2.3.5 The Contractor must provide to the County a monthly reconciliation of funds requested, received and disbursed from the Imprest Fund Bank Account, including a monthly check register itemizing deposits to the account, check numbers, check amounts, payee, claimant's name, employee number and claim number for each check issued on the account through the Bank of America Direct Account Reconciliation Services via on-line user Cash-Pro system with specific authorities and entitlements to reconcile financial statements.
- 6.2.3.6 The Contractor must respond to the CashPro Activity Alert Notifications regarding any Positive Pay exception report within the timeframe specified by the County.

6.2.4 Format of Correspondence and Reports

- 6.2.4.1 The County will provide sample wording for all form letters being sent to claimants.
- 6.2.4.2 The County reserves the right to approve all outgoing correspondence, including forms created by the Contractor to include departmental notifications and claimant notifications.
- 6.2.4.3 The County reserves the right to request final review and approval of the format on all reports, to request additional

reports and/or request changes to existing reports, during the term of this Contract. Any requested reports must be produced no later than ten (10) Business Days from the request. Ad hoc reports will be produced within ten (10) Business Days of the date of agreement of the specifications by the Contractor and County staff.

CONTRACTOR

6.3 Contractor's Staff

6.3.1 Contractor's Project Manager

- 6.3.1.1 The Contractor must provide a full-time Project Manager and designated alternate. The Contractor must provide a telephone number where the Contractor's Project Manager/alternate may be reached between 8:00 am and 5:00 pm Pacific Time ("PT"), Monday through Friday, except County holidays.
- 6.3.1.2 The Contractor's Project Manager/alternate must act as a central point of contact with the County.
- 6.3.1.3 The Contractor's Project Manager/alternate will have full authority to act for the Contractor in every detail on all matters relating to the daily operation of the Contract. The Contractor's Project Manager/alternate must be able to effectively communicate, in English, both orally and in writing.
- 6.3.1.4 The Contractor's Project Manager must have at least three (3) years' experience within the last seven (7) years overseeing third-party administration services for short-term and long-term disability claims (including survivor benefit claims), equivalent or similar in scope to the services described in Exhibit A (SOW), Section 10.0 (Specific Work Requirements), for public and/or private sector entities with a minimum population of 35,000 covered employees.

6.3.2 Disability Claims Examiners

- 6.3.2.1 The Contractor must provide Disability Claims Examiners to review, make determinations of claims, and coordinate efforts with the DBU, the DMC Unit, the DMCCs, and the Contractor's physician.

6.3.2.2 The Contractor must ensure that all the Disability Claims Examiners have, at a minimum, one (1) year of general disability claims management experience and that at least seventy-five percent (75%) of the Disability Claims Examiners have a minimum of three (3) years' experience within the last seven (7) years in the adjustment of STD and LTD claims.

6.3.2.3 The Contractor must ensure an updated list of Disability Claims Examiners and their experience is submitted to the County at the beginning of each contract year or at the time of any Disability Claims Examiner staffing changes.

6.3.3 Disability Nurse Case Manager(s)

6.3.3.1 The Contractor must ensure that a Nurse Case Manager(s) is assigned to the County account to assist in interpretation of medical data.

6.3.3.2 The Contractor must ensure that the Nurse Case Manager(s) has a minimum of three (3) years' experience within the last seven (7) years in Nurse Case Management of disability claims.

6.3.4 The Contractor must ensure that all Contractor staff providing services under this Contract, including those staff set forth in this Paragraph 6.3, are able to effectively communicate, in English, both orally and in writing.

6.4 Personnel

6.4.1 The Contractor must assign a sufficient number of staff to perform the required work.

6.4.2 The Contractor will be required to background check its staff as set forth in Paragraph 7.5 (Background and Security Investigations), of the Contract.

6.4.3 The Contractor must provide the County with a list of all of the Claims Examiners and Nurse Case Manager(s) assigned to the account. The Contractor must notify the County of any changes to this roster on a continuous basis.

6.4.4 The Contractor must assure provision of Contract services to the County in the event of an employee shortage or strike.

- 6.4.5 The Contractor must inform the County in writing of the name, address, and telephone number of all key personnel at the time the Contract is awarded.

6.5 Uniforms/Identification Badges

- 6.5.1 The Contractor must wear appropriate business attire at all times while at County facilities.
- 6.5.2 The Contractor must ensure their employees are appropriately identified as set forth in Paragraph 7.4 – Contractor's Staff Identification, of the Contract.

6.6 Materials and Equipment

The purchase of all materials, equipment, personnel, transportation, supplies and other items necessary to provide the needed services is the responsibility of the Contractor. The Contractor must use materials and equipment that are safe for the environment and safe for use by the employees.

6.6.1 Courier Service

The Contractor must provide courier services for disability benefits between the Contractor's office and DHR for up to five (5) occurrences within a calendar year. The courier service must be used only to prevent interference with the County's business needs or in the event the monthly standard plan funding has failed or cannot be completed timely, making necessary for the County to provide the Contractor with a physical check in order to properly fund the Imprest Fund Bank Account.

6.6.2 Workspace for County Staff

The Contractor must provide adequate office space, a complete workstation including computer access, telephone service and free parking for one part-time County monitor, and adequate temporary workspace and free parking for other County staff as necessary for required program auditing or monitoring.

6.6.3 Data Transfer

At no cost to the County, the Contractor must provide a computerized data transfer that utilizes encryption to the County at any time as requested by the County. The County will specify the format and encryption strength for the transfer.

6.6.4 Claims Administration Procedure Manual & Business Continuity Plan

6.6.4.1 Within three (3) months of Contract award, the Contractor must provide a “Disability Benefits Claims Administration Procedure Manual” describing policies and procedures for the administration of County cases. The Contractor must ensure that the manual details approval limits, responsibilities, reporting requirements, review of legal services, billing, etc. The Contractor must provide the manual to the County’s Project Manager, as well as to the Contractor claims staff to utilize in handling County claims.

6.6.4.2 Within one (1) month of Contract award, the Contractor must provide a written Business Continuity Plan describing a structured and integrated process that ensures uninterrupted provision of critical services related to this Contract following an event which could interrupt these business operations. The Contractor must ensure that the plan includes, but is not limited to, the following:

- A description of critical services and business processes;
- The Contractor’s policies and procedures to assure continued business operations following an event; and
- Address, telephone and facsimile numbers, key contacts and all other critical information concerning alternative business processes and/or location(s) following an event.

6.6.4.3 The Contractor must provide the County’s Project Manager with plan updates annually for disability benefits administration at the beginning of each Contract year.

6.6.4.4 The Business Continuity Plan is subject to the County’s review. The County’s Project Managers will not be required to identify, nor notify the Contractor of, deficiencies in Contractor’s Business Continuity Plan. The County will neither assume responsibility nor liability for Contractor’s Business Continuity Plan.

6.6.5 Plan Documents

The Contractor must annually print and mail the County-provided LTD and STD pamphlets to all eligible County employees at the Contractor’s expense prior to the County’s annual benefits

enrollment. The Contractor must mail the pamphlets via first class mail on a mutually agreed upon date as determined by the County.

6.6.6 Forms and Notifications

The Contractor must provide all forms and notifications necessary to administer the STD, LTD and SB plans.

6.6.7 Automated Management System Requirements

The Contractor must ensure that its Automated Management System, including all of its system components:

- 6.6.7.1 Complies with the County's encryption requirements and standards.
- 6.6.7.2 Is capable of providing an Application Programming Interface ("API") or a web service.
- 6.6.7.3 Can integrate with existing County Enterprise Human Resource systems (i.e., eHR Advantage, Claims Administration systems, Active Directory, etc.).
- 6.6.7.4 Is capable of receiving Employee Benefits eligibility files from the County Employee Benefits third-party administrator (for disability benefits only).
- 6.6.7.6 Is capable of giving users the ability to generate standard and ad-hoc reports that can be exported into a non-proprietary format, including, but not limited to Excel and PDF, as appropriate and as agreed upon by the County.
- 6.6.7.7 Allows for role-based security, as required by the County.
- 6.6.7.8 Allows County administrators to generate, download and print historical and activity reports.
- 6.6.7.9 Allows for attachment and storage of correspondence and documents of common image file format types such as JPEG, GIF, PNG, TIF and PDF.
- 6.6.7.10 Is user-friendly in presentation, navigation, and other ease-of-use features on computers, smartphones and tablets.
- 6.6.7.11 Maintains compatibility between all its interfaces and all current major web browsers, including, but not limited to,

Internet Explorer, Microsoft Edge, Chrome, Firefox and Safari.

6.6.7.12 Provides a customer-facing online portal that:

- 1) is accessible to users by computer and smart device (i.e., smartphone and tablet) through a mobile application;
- 2) enables County employees to file claims, as further detailed in SOW, Paragraph 10.9 (Employee Claims for STD) and 10.19 (Notice of LTD Plan Potential Eligibility);
- 3) provides County employees with access to customer service, claims applications, and claims information including claims status, benefits paid, appeals information for disability benefit claims;
- 4) provides County claimants with access to customer service; and
- 5) provides users the ability to view and print system-generated correspondence.

6.6.7.13 Provides claimants and County administrators with electronic communication through the online portal and e-mail for documents, messages, and notices, and via text for notifications, and allows claimants to opt-in to receive paper communication for all documents, messages, and notices and to opt-out of text.

6.6.7.14 Enables a record in claimant-specific case notes or history log of the date and time a claimant or the individual calling on behalf of the claimant uses the Contractor's toll-free telephone number to file a claim.

6.6.7.15 Meets all the requirements set forth in SOW Attachment 6 (Service Level Agreement) and Exhibit H (Information Security and Privacy Requirements) to the Contract.

6.6.8 Data Maintenance

The Contractor must accurately update and maintain all data fields to reflect real-time information in the Contractor's Automated Management System for all cases administered by the Contractor.

6.6.9 Notification for System Enhancements

The Contractor must notify and obtain the County's approval for any proposed system enhancements that may affect the County's claims ninety (90) days prior to implementation.

6.6.10 Educational Materials and Web-Based Resources

6.6.10.1 The Contractor must provide educational material such as brochures, flyers, webinars, videos, newsletters or other tools to the County and its employees. The Contractor must ensure that such educational materials include, and will not be limited to, training materials for supervisors covering disability benefit basics, including all necessary steps of the claim application process, and how the County and the Contractor collaborate to support the claimant relative to this process.

6.6.10.2 The Contractor must provide web-based and telephonic self-service options for claimants to interact with the Contractor's disability benefit specialists to obtain information or service on their respective claims.

6.6.10.3 The Contractor must ensure that the online portals for disability benefits claims described in SOW, Sub-paragraph 6.6.7 features an opportunity for users to provide feedback about their web experience. including ease of use and functionality.

6.6.10.4 The Contractor must report back to the County on a quarterly basis with metrics to show utilization of the online portal.

6.6.10.5 The Contractor must gather survey data and report back to the County on a quarterly basis. The Contractor must offer solutions for improving the customer experience.

6.6.11 Records and Reports

6.6.11.1 Financial Records and Reports

The Contractor must maintain and provide accurate and complete financial records and reports of its activities and operation for disability benefits under this Contract.

6.6.11.2 Record Retention

The Contractor must retain all records, including all historical and takeover case files and all case files created by the Contractor under this Contract, for the duration of this Contract, or as required by all applicable federal, state or local regulations for recordkeeping that apply to the Contractor, whichever is longer. The Contractor must ensure that no claims information or documentation is destroyed without the County Project Managers' approval, and the Contractor must be responsible for storage of all files retained during the term of this Contract.

6.6.11.3 The Contractor must create a duplicate and separate electronic copy of each take-over case file and new case file created under this Contract, in accordance with all Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), privacy and other applicable laws.

6.7 Training

6.7.1 At no cost to the County, the Contractor must provide a minimum of four trainings per contract year to designated County employees, as requested by the County, on how to access County claims data on the Contractor's computer system. The Contractor must ensure that such training includes, but is not limited to, hands-on training and refreshers, with detailed examples and step-by-step work-throughs, and an overview of the STD, LTD and SB plans.

6.7.2 The Contractor must provide DHR's DBU and other County-approved departmental staff with access to the Contractor's computer system and with access to all case management information for all County claims at no cost to the County.

6.8 Contractor's Office

The Contractor must maintain a physical office in the County of Los Angeles or in an adjacent county for the administration of County claims. The office must be staffed during Business Hours by at least one employee who can respond to inquiries and complaints which may be received about the Contractor's performance of the Contract. The Contractor must have a local telephone listing with either an "800" or local telephone prefix. When the office is closed, the Contractor must provide a method for the County to leave messages for the Contractor (i.e., email and voicemail). The Contractor must return voicemails and emails received from the County no later than one (1) Business Day of the date that the voicemail or email

message was sent. The Contractor must pay out of its own resources all costs and charges in connection with its offices, office furnishings and supplies, except as otherwise provided in this Contract.

7.0 INTENTIONALLY OMITTED

8.0 INTENTIONALLY OMITTED

9.0 INTENTIONALLY OMITTED

10.0 SPECIFIC WORK REQUIREMENTS

PART I: SHORT-TERM DISABILITY PLAN – MEGAFLEX EMPLOYEES ONLY

10.1 Plan Objective

The plan objective is to provide short-term income replacement for MegaFlex participants who are unable to work due to injury, illness or pregnancy.

10.2 Eligibility Requirements

To meet eligibility requirements, County employees must be MegaFlex cafeteria benefit plan participants. There is no requirement that the disability be service-related.

10.3 Benefit Coverage

10.3.1 All MegaFlex employees are automatically covered by the basic STD "core" coverage of seventy percent (70%) income replacement of their regular base salary, with a waiting period of fourteen (14) consecutive calendar days.

10.3.2 MegaFlex employees may purchase an enhanced benefit coverage that provides for a seven (7) consecutive calendar day waiting period followed by one hundred percent (100%) STD income replacement for twenty-one (21) consecutive calendar days, with eighty percent (80%) income replacement for the remainder of the STD period.

10.4 Duration of Benefits

The STD plan for MegaFlex employees offers income replacement benefits for a maximum period of twenty-six (26) weeks, minus the waiting period.

10.5 STD Disability Defined

Under the STD plan, "disability" means the temporary inability and incapacity of the claimant to perform either the regular or modified duties of their position with the County.

10.6 Benefit Offsets

An eligible employee's STD benefit is reduced by other income benefits that the employee receives for the same disability and the same period of disability, such as workers' compensation and/or County retirement benefits.

10.7 Disruption of STD Benefit Payments

In the event that the Contractor suspends or terminates an employee's benefit payment, the Contractor must advise both the claimant's department and DHR's Employee Benefits ("EB") Division in writing within five (5) Business Days of the benefit disruption to ensure that other benefits the employee may be receiving are not adversely impacted.

10.8 STD CLAIM ADMINISTRATION

10.8.1 The Contractor must apply disability benefits management procedures, guidelines and protocols consistently in keeping with the Contractor's established Claims Procedure Administration Manual across all cases.

10.8.2 The Contractor must respond, in accordance with confidentiality policies, to telephonic, electronic and written inquiries about the STD plan and claims from claimants, potential claimants, County Counsel, claimants' attorneys, representatives from workers' compensation, rehabilitation vendors, County personnel officers and other County personnel within three (3) Business Days.

10.8.3 The Contractor must provide DBU access to the Official Disability Guidelines ("ODG") used by the Contractor to adjudicate claims.

10.9 EMPLOYEE CLAIMS FOR STD BENEFITS

Claims will be initiated by calling a toll-free number or by using the Contractor's online portal.

10.9.1 The Contractor, at its expense, must provide both telephonic and electronic options for filing a claim:

- A twenty-four (24) hour toll-free (800) telephone line which supports all the area codes in the United States for both claimants (for the purpose of Claims Intake) and medical professionals.
- An online portal to initiate claims and obtain claim status information. All websites through which County employees may access the online portal must be coded using responsive web design, to ensure that information can be viewed on any device.

10.9.2 When an employee calls to report a claim, the Contractor must ensure the following information is obtained to facilitate eligibility determination:

- Confirmation that the employee is a MegaFlex participant;
- Employee identification data (employee number and department name or number);
- Start date and probable duration of disability.

10.9.3 At the time of the initial call, the Contractor must advise the claimant of the following:

- The requirement to provide the Contractor with all the pertinent information needed to process the claim no later than twenty-nine (29) calendar days from the disability start date;
- That failure to meet this deadline will result in the loss of one (1) day of STD benefits for each calendar day that the claim is incomplete.

10.9.4 The Contractor must produce and provide to the claimant via email a Claims Packet within one (1) Business Day of receiving the claimant's information. The Contractor must provide the claimant with an option to receive a hardcopy Claims Packet via US mail. If the claimant requests the hardcopy option, the Contractor must send this hardcopy Claims Packet to the claimant within one (1) Business Day of receiving the claimant's information. The Contractor must ensure that the Claims Packet includes:

- Welcome and introduction letter from the Contractor in response to the claim filed;
- Attending Physician Statement form;

- Authorization for Release of Information (“ROI”);
- Right of Reimbursement (“ROR”); and
- County of Los Angeles MegaFlex STD Plan Booklet.

10.10 **STD BENEFIT DETERMINATION AND NOTIFICATION**

10.10.1 The Contractor must determine if there is a companion workers’ compensation claim for the same disability and the same period of disability.

10.10.2 The Contractor must determine benefit eligibility within two (2) Business Days of having received complete information from the employee and their physician.

10.11 **STD CLAIM APPROVAL**

10.11.1 If the claimant is found to be eligible for benefits, the Contractor must, within two (2) Business Days, send the claimant a text notification of the claim approval (if the claimant has opted to receive text messages). Additionally, within the same time frame, the Contractor must provide an approval notice to the claimant, the claimant’s payroll unit, the claimant’s DMCC, and the DBU via the Contractor’s online portal and e-mail (as well as to the claimant via U.S. mail if the claimant elects this option).

The approval notice must include the following information:

- Employee Name;
- County Employee Number;
- Claim Number Assigned to Employee’s STD benefit claim;
- Department Code;
- Department Name;
- STD Benefit Option Elected (70 percent core or “buy-up”);
- The first day of disability for STD plan purposes;
- The dates of the waiting periods [fourteen (14) consecutive calendar days or seven (7) consecutive calendar days];
- Penalties, if any (e.g., loss of one (1) day of STD benefits for each day that the claim is incomplete);

- The dates of any period of authorized STD benefits;
- Approved return-to-work date.
- The dates of any part-time STD and the specific number of hours the employee is allowed to work while on part-time STD; and
- The dates of any period of disability denied and reason for denial.

10.12 **STD CLAIM DENIAL**

10.12.1 If the claimant is found to be ineligible for benefits, the Contractor must, within two (2) Business Days, notify the claimant via telephone. Additionally, within the same time frame, the Contractor must provide a denial notice to the claimant, the claimant's DMCC, and the DBU via the Contractor's online portal and e-mail. (Note: The Contractor must also provide this notice to the claimant via mail if the claimant elects this option). The denial notice must include the following:

- The reason for denial, including the applicable plan provisions that have not been met;
- Instructions on next steps to return to work; and
- Information on the appeals process.

10.12.2 **Appeal of Denied STD Claim**

1. The claimant will have fifteen (15) calendar days from the date of the denial notice to request an appeal. (Note: The claimant may request an appeal of a denied STD claim via the Contractor's online portal, e-mail, mail, fax, and/or a phone call to the Contractor.)
2. Upon receipt of the claimant's appeal request, the Contractor must assign the appeal to an independent evaluator for administrative review within three (3) Business Days and provide a confirmation notice to the claimant via the Contractor's online portal and e-mail (as well as via mail if the claimant elects this option). The confirmation notice must include the following information:

- Notice of the appeal receipt;
- Reference to any facts on which the original denial was based;
- Notice that the appeal determination is final; and
- Information on the appeals process and related timelines.

10.12.3 The Contractor must ensure that the independent evaluator provides an appeal decision within fifteen (15) Business Days after receipt of the request for appeal.

10.12.4 If there is missing medical or other information needed to support the appeal review process, the Contractor must send the claimant a text notification within five (5) Business Days of receiving the assignment of the appeal (if the claimant has opted to receive text messages). Additionally, the Contractor must provide a notice to the claimant via the Contractor's online portal and e-mail (as well as via mail if the claimant elects this option) within five (5) Business Days of receiving the assignment of the appeal, informing them that the file is incomplete. The notice must specifically outline the documents or information that are needed and will provide the claimant with a thirty (30) calendar day deadline for submitting the information.

10.12.5 In the event that the claimant needs additional time to submit medical records or other information to inform the appeals process, they may request an additional period not to exceed thirty (30) calendar days to submit any additional information to the independent evaluator to inform the appeal review.

10.12.6 The Contractor must ensure that the independent evaluator reviews all records in the claim file, along with new information or records, if any, submitted by the claimant with the appeals request.

10.12.7 **STD Claim Denial Upheld**

Should the independent evaluator uphold the initial determination of benefits denial, the Contractor must, within five (5) Business Days of the completed appeal review process, notify the claimant via telephone. Additionally, within the same timeframe, the Contractor must provide a personalized claim denial notice to the claimant via the Contractor's online portal and e-mail (as well as via mail if the claimant elects this option). The personalized claim denial notice must state the reason for the denial. The Contractor

must reference the medical reports on which the denial was based or any other specific information for the denial. The Contractor must ensure that the claimant will be provided with the opportunity to obtain copies of all claims' records upon request and at no charge.

10.12.8 **STD Claim Denial Overturned**

Should the independent evaluator overturn the initial determination of benefits denial, the Contractor must, within five (5) Business Days of the completed appeal review process, send the claimant a text notification that their claim denial was overturned (if the claimant has opted to receive text messages). Additionally, the Contractor must, within the same time frame, provide a personalized notice to the claimant via the Contractor's online portal and e-mail advising the claimant that the denial has been overturned and providing details about retrospective STD benefit eligibility.

10.13 **STD RECURRENT OR EXTENDED DISABILITY**

10.13.1 If an extension is requested and medical information is insufficient, the Contractor must obtain additional information or records and/or arrange for an independent medical evaluation as required.

10.13.2 If an extension is approved, the Contractor must prepare and provide a payment notification to claimant's departmental RTW Coordinator and payroll unit via the Contractor's online portal and e-mail. The Contractor must send a copy, on a voucher form, to the claimant via the Contractor's online portal and e-mail (as well as via mail if the claimant elects this option).

10.13.3 On a denial of continued benefits, the Contractor must notify the claimant via telephone, prepare the denial notice including appeals procedures and provide the denial notice to the claimant via the Contractor's online portal and e-mail (as well as via mail if the claimant elects this option) within five (5) Business Days of the determination.

10.13.4 **Release to Work with or without Restrictions**

In the event that the claimant is released to work with restrictions, the Contractor must advise the DBU and the claimant's DMCC.

10.13.4.1 The Contractor must provide support and relevant data to inform the department's Interactive Process Meeting as needed.

- 10.13.4.2 If the claimant is released to work by their treatment provider, the claimant's DMCC and the DBU will advise the Contractor so that benefits can be adjusted or terminated.

PART II: LONG-TERM DISABILITY PLAN: MEGAFLEX & NON-MEGAFLEX

10.14 Plan Objective

The plan objective is to provide long-term income replacement for eligible employees in the event of a qualifying disability.

10.15 Eligibility Requirements

To meet eligibility requirements, the employee must be a full-time permanent County employee, member of the retirement plans A, B, C, D, E, or G with the Los Angeles County Employee Retirement Association ("LACERA") and must complete a six-month qualifying waiting period. A non-MegaFlex Safety retirement member is excluded.

10.15.1 MegaFlex Eligibility

There is no requirement for five (5) years of service with the County.

10.15.2 Non-MegaFlex Eligibility

These employees must have five (5) years of service with the County. However, if the employee has less than five (5) years of service with the County, the disability must be service-related and approved by the County's workers' compensation third-party administrator.

10.16 Benefit Coverage

10.16.1 MegaFlex Coverage

In the event that an employee believes that their disability period will be for a period longer than six (6) months, they have the option to file an LTD claim with the Contractor within one (1) year of the first day of absence due to the disability.

- 10.16.2 The LTD plan for Retirement Plan E MegaFlex employees with five (5) or more years of service offers a core benefit that provides forty percent (40%) salary replacement coverage; these employees may purchase a higher benefit amount that provides up to sixty percent (60%) salary replacement coverage. All other MegaFlex Retirement

Plan members may purchase forty percent (40%) or sixty percent (60%) coverage.

10.16.3 Non-MegaFlex Coverage

The LTD plan for non-MegaFlex employees provides sixty percent (60%) salary replacement coverage.

10.17 **Maximum Duration of Benefits**

Benefits terminate at age 65 unless the employee's disability commences at age 62 or later, in which case the benefit payments may extend for a longer period beyond age 65 or be limited to a one (1) year period of disability at age 69, according to the LTD Plan Schedule, per County Code 5.38 (Long-Term Disability and Survivor Benefit Plan).

10.17.1 **LTD Disability Defined**

The LTD benefit has two separate definitions of "disability." For the qualifying period and the first twenty-four (24) months of disability benefits, "total disability" means the complete and continuous inability and incapacity of the employee to perform the duties of their position with the County. After the expiration of twenty-four (24) months of eligibility for benefit payments, "total disability" means that the employee meets the Federal Social Security Act definition of disability.

10.17.2 **Benefit Offsets**

An eligible employee's LTD benefit is reduced by other income benefits that the employee receives for the same disability and the same period of disability, such as worker's compensation and/or County retirement benefits. Although the LTD plan includes offsets for Social Security Disability benefits and State Disability Insurance benefits, the County has not contributed into these benefits since April 1, 1986. However, there may be circumstances, such as for employees hired prior to April 1, 1986 or employees with outside employment, where an employee may be eligible for these benefits.

10.17.3 **Disruption of LTD Benefit Payments**

In the event that the Contractor suspends or terminates an employee's benefit payment, the Contractor must advise DHR's EB and Disability Benefits Unit ("DBU") via e-mail and the Contractor's online portal within five (5) Business Days of the benefit disruption

to ensure that other benefits the employee may be receiving are not adversely impacted.

10.18 LTD CLAIMS ADMINISTRATION

10.18.1 The Contractor must apply disability benefits management procedures, guidelines and protocols consistently in keeping with the Contractor's established Claims Procedure Administration Manual across all cases.

10.18.2 The Contractor must respond, in accordance with confidentiality policies, to telephonic, electronic and written inquiries about the LTD plan and claims from claimants, potential claimants, County Counsel, claimants' attorneys, representatives from workers' compensation, rehabilitation vendors, and other County personnel within three (3) Business Days.

10.18.3 The Contractor must provide the DBU access to the ODG used by the Contractor to adjudicate claims.

10.18.4 The County will produce a monthly Absence Report to advise the Contractor of potential LTD benefit claimants. The County will electronically transmit the Absence Report to the Contractor monthly.

10.18.5 The Contractor must obtain a data feed from the County Employee Benefits administrator, which will include the following information:

- Claimant's date of hire, employee number, address, gender, birthdate, department and type of LTD benefit.

10.18.6 The Contractor must correspond with the claimant's department to obtain the following data information:

- The base pay for the twelve (12) months preceding the date of disability, and;
- The 'Time Variance' one year prior to disability start date with statement providing claimant's last day worked before determination of disability.

10.18.7 The Contractor must correspond with LACERA to obtain the following information:

- The claimant's retirement plan membership and the current retirement status; and

- If applicable, the retirement date with the initial retirement type and amount (without any Cost of Living Adjustment).

10.19 NOTICE OF LTD PLAN POTENTIAL ELIGIBILITY

10.19.1 The Contractor must provide via via mail an LTD benefit notice with claim application instructions to potential claimants listed on the monthly Absence Report within seven (7) Business Days of Report receipt.

10.19.2 If a potential claimant fails to respond to the LTD notice within thirty (30) calendar days, the Contractor must provide a reminder notice via mail within seven (7) Business Days of the expiration of the initial 30-day response period to advise the potential claimant that their benefit eligibility could be compromised if they fail to apply for benefits within sixty (60) calendar days of the mailing date of the reminder letter.

10.19.3 Potential claimants can contact the Contractor via the Contractor's toll-free number or the Contractor's online portal.

1) The Contractor, at its expense, must provide both telephonic and electronic options for filing a claim:

- A twenty-four (24) hour toll-free (800) telephone line which supports all the area codes in the United States for both claimants (for the purpose of Claims Intake) and medical professionals.
- An online portal for potential claimants to initiate claims and obtain claim status information. All websites for the County employees must be coded using responsive web design, that can be viewed on any device.

2) When a potential claimant calls to report a claim, the Contractor must ensure the following information is obtained to facilitate eligibility determination:

- Employee identification data (employee number and department name or number); and
- Start date of disability.

- 3) At the time of the initial call, the Contractor must advise the potential claimant of the requirement to provide the Contractor with all the pertinent information needed to process the claim.

10.20 NOTICE OF LTD CLAIM APPROVAL

10.20.1 The Contractor must send the claimant a text notification within five (5) Business Days of the determination of LTD claim approval (if the claimant has opted to receive text messages). Additionally, the Contractor must, within the same time frame, provide a notice of the approval of an LTD benefit claim to the claimant and the County's Project Monitor via the Contractor's online portal and e-mail (as well as via mail to the claimant if the claimant selects this option) within five (5) Business Days of the determination.

10.20.2 The approval notice must include the following information:

- Date of approval;
- Gross monthly benefit amount;
- Anticipated duration of benefits;
- Date of payments and benefit calculation sheets for each month covered by the initial benefit check;
- List of the offsets, if any, including the source and amount of the offsets;
- Net benefit amount after adjustments for offsets, if any; and
- Instructions on any actions required by the employee to maintain the claim at the time of approval and in the future, along with suggested deadlines to ensure no lapse in income.

10.21 NOTICE OF INCOMPLETE LTD CLAIM APPLICATION

10.21.1 In the event that an LTD benefit claim file is incomplete, the Contractor must send the claimant a text notification (if the claimant has opted to receive text messages). Additionally, the Contractor must provide a notice to the claimant via the Contractor's online portal and e-mail (as well as via mail if the claimant selects this option) to advise them of the status of their application and that their benefit eligibility could be compromised if they fail to submit the necessary documents within a thirty (30) calendar day period from the date of the status letter.

10.21.2 The notice must include the following information:

- Status of the claim;
- Detailed listing of missing document(s);
- Due date for submission of documents; and
- Consequences of failing to respond or submit documentation in a timely manner.

10.22 NOTICE OF LTD CLAIM DENIAL

10.22.1 The Contractor must, within seven (7) Business Days of the determination of the denial of an LTD benefit claim, notify the claimant of the denial via telephone and provide notice of the denial to the claimant and to the County's Project Monitor via the Contractor's online portal and e-mail (as well as via mail to the claimant if the claimant selects this option).

10.22.2 The Contractor must ensure that the denial notice includes the reason(s) for the denial, citing the relevant section(s) in the County Code and any other factor(s), and information on how to appeal the denial.

10.23 APPEAL OF LTD CLAIM DENIAL

10.23.1 The claimant will have sixty (60) calendar days from the initial denial notice date to request an appeal via the Contractor's online portal, email, and/or mail.

10.23.2 Within three (3) Business Days of receipt of the claimant's appeal request, the Contractor must notify the County's Project Monitor via the Contractor's online portal and e-mail, and refer the appeal request to the Contractor's national appeals unit.

10.23.3 The Contractor's national appeals unit will provide a decision to the claimant via telephone and provide notice of the denial to the claimant and the County's Project Monitor via the Contractor's online portal and e-mail (as well as via mail to the claimant if the claimant selects this option) within forty-five (45) Business Days after the appeal is requested.

10.23.4 In the event that the claimant needs additional time to submit medical records or other information, they may request a period not to exceed forty-five (45) calendar days to provide any

additional information to the Contractor's national appeals unit via e-mail. (Note: If the claimant does not have e-mail, they may mail the request to the County's Project Monitor or the Contractor, who will provide it to the Contractor's national appeals unit.)

- 10.23.5 The Contractor's national appeals unit will review all records in the claim file, along with new information or records, if any, submitted by the claimant with the appeals request and render a decision.

10.23.6 Hearing for Reconsideration

In the event of a subsequent denial, the Contractor must notify the claimant via telephone and provide a notice to the claimant via the online portal and e-mail (as well as via mail if the claimant selects this option) outlining the process to obtain a hearing for reconsideration with an independent hearing officer provided by the County. The claimant will have sixty (60) calendar days from the subsequent denial notice date to request a hearing. The hearing officer will conduct an administrative hearing and render a decision, which will be final.

10.24 BENEFIT PAYMENTS FOR APPROVED LTD CLAIMS

- 10.24.1 In order to calculate the benefit payment amount that a claimant is entitled to, the Contractor must compute the claimant's average monthly salary for the twelve (12) months preceding total disability.
- 10.24.2 The Contractor must obtain information on payment of any benefits or income, including:
- Workers' compensation temporary disability benefits;
 - Rehabilitation maintenance benefits;
 - Social Security Disability benefits;
 - Any other benefit from a public agency or under any employers' liability law paid for the same period of disability covered in the initial LTD payment to the claimant;
 - Any payments from the employee's department;
 - Retirement benefits paid under a County retirement plan; and
 - Outside earned income received for work performed after the date of disability.

- 10.24.3 The Contractor must make claim payments on a monthly or bi-monthly basis.
- 10.24.4 The Contractor must issue benefit checks from the County's Imprest Fund Bank Account or use alternative payment procedures as determined by the County.
- 10.24.5 The Contractor must ensure that direct deposit will be made available to all LTD and SB recipients.
- 10.24.6 The Contractor must respond to any inquiries regarding benefit payments within two (2) Business Days.

10.25 Income Tax Withholding & Reporting

- 10.25.1 The Contractor must calculate and withhold the appropriate income taxes from benefits paid to the claimant.
- 10.25.2 The Contractor must prepare and file the appropriate withholding tax returns on behalf of the County.
- 10.25.3 The Contractor must issue required W-2 forms to claimants and timely file reports with appropriate tax agencies.
- 10.25.4 The Contractor must respond to claimants' inquiries concerning benefits tax issues.

10.26 Annual Cost of Living Adjustments

In compliance with the applicable provisions of the County Code; and upon the County's determination of the approved cost-of-living percentage for a given year; the Contractor must apply the cost-of-living adjustment to the base monthly disability benefit on the first day of the month following the completion of twenty-four (24) months of eligibility. The Contractor must apply this cost-of-living adjustment annually thereafter for as long as claimant is entitled to benefits under the LTD plan. The cost-of-living adjustment for LTD recipients will not exceed two percent (2%) of the basic monthly benefit amount.

10.27 LTD CLAIMANT RETURN-TO-WORK

- 10.27.1 In the event that the claimant is released to work with restrictions, the Contractor must communicate closely with the DMC Unit and with DMCCs at the departmental level.
- 10.27.2 The Contractor must provide a copy of the claimant's medical release-to-work notice (either from the claimant's physician or the

Contractor's independent medical examiner ["IME"]) to a specialist from the DMC Unit, as well as to the DMCCs or their designees. The Contractor must ensure that the medical release does not include any medical information that is protected by HIPAA or the California Confidentiality of Medical Records Act. The Contractor must ensure that the medical release specifically articulates functional work restrictions/limitations (versus recommendations for accommodations) that can be used to facilitate the interactive process at the departmental level.

- 10.27.3 The claimant's department will monitor the claimant's accommodation for its effectiveness. If the claimant is unable to carry out their duties with or without reasonable accommodations, the claimant's department will communicate this information to DHR and the Contractor. The Contractor must monitor the claimant's LTD eligibility status and re-evaluate LTD benefits in accordance with the applicable provisions of the County code.

10.28 **FINAL DETERMINATION OF TOTAL DISABILITY**

- 10.28.1 Upon the conclusion of seventeen (17) months of LTD benefit eligibility, the Contractor must initiate a decision review of the claimant's LTD benefit status for total disability in accordance with the Federal Social Security Act. The final decision for total disability must be determined by the Contractor after twenty-three (23) months of benefit eligibility and prior to the end of the twenty-fourth (24th) month of LTD benefit eligibility.

- 10.28.2 The Contractor must notify the claimant, the DBU, and the DMCC or their designee of the determination to continue or terminate LTD benefits at end of the twenty-four (24) month period, as follows:

- 1) Determination to Continue LTD Benefits: If the claimant has opted to receive text messages, the Contractor must, within seven (7) Business Days of the Contractor's determination to continue LTD benefits, send a text notification to the claimant of this determination. Additionally, the Contractor must, within the same time frame, provide a notice of the determination to the claimant, the DBU, and the DMCC/designee via the Contractor's online portal and e-mail (as well as via mail to the claimant if the claimant selects this option).
- 2) Determination to Terminate LTD Benefits: The Contractor must, within seven (7) Business Days of the Contractor's determination to terminate LTD benefits, notify the claimant

via telephone and provide a notice of the determination to the claimant, the DBU, and the DMCC/designee via the Contractor's online portal and e-mail (as well as via mail to the claimant if the claimant selects this option).

- 10.28.3 The Contractor must notify LACERA via e-mail and U.S. Mail when LTD benefits terminate for a claimant covered by Retirement Plan E within seven (7) Business Days of the LTD benefits termination.
- 10.28.4 The Contractor must respond, in accordance with confidentiality policies, to telephonic, electronic and written inquiries about the LTD plan and claims from claimants, potential claimants, County Counsel, claimants' attorneys, representatives from workers' compensation, rehabilitation vendors, County personnel officers and other County personnel within three (3) Business Days.
- 10.28.5 The Contractor must obtain verification of application for retirement benefits from LACERA for claimants who are covered by Retirement Plans A, B, C, D and G, and who otherwise qualify for benefits after twenty-four (24) months of LTD eligibility.
- 10.28.6 For those employees who are enrolled in the County's Optional Group Term Life Insurance program, the Contractor must send the claimant a text notification within seven (7) Business Days of the determination. Additionally, the Contractor must provide a notice to the claimant via the Contractor's online portal and e-mail (as well as via mail if the claimant selects this option) and the Group Term Life TPA via e-mail or mail of the claimant's eligibility for continued benefits within seven (7) Business Days of the determination.
- 10.28.7 On a quarterly basis, the Contractor must reconcile LTD benefits with federal death records to ensure benefits are not issued to deceased claimants.
- 10.28.8 In the event benefits are inadvertently issued to deceased claimants, the Contractor, upon determination of such error, must notify the County's Project Monitor via the Contractor's online portal and e-mail within seven (7) Business Days and must pursue the recovery of overpayments.
- 10.28.9 The Contractor must report back via the Contractor's online portal and e-mail on a quarterly basis on the success of the recovery efforts until the overpayment is corrected or the matter is closed.

10.29 STD AND LTD CLAIMS SERVICING

- 10.29.1 When applicable for LTD claims, the Contractor must obtain a copy of the Social Security Disability determination letter from the claimant.
- 10.29.2 The Contractor must obtain proof from each claimant at two points during the claim administration process that they have applied for Social Security Disability benefits. The Contractor must receive this proof upon initial claim filing and during the 17-month benefit eligibility review.
- 10.29.3 The Contractor must monitor the claimant's disability status, secure additional treating physician reports, as needed, and obtain verification of continuous medical supervision where such ongoing medical supervision is an eligibility requirement.
- 10.29.4 The Contractor must arrange for Independent Medical Evaluations ("IME") of the claimant as deemed necessary and review those reports to determine eligibility for the continuity of benefits.
- 10.29.5 Where the claimant has an STD or LTD claim and a workers' compensation claim, the Contractor must check the status of the workers' compensation claim and must review new claim information, including medical reports, on a monthly basis.
- 10.29.6 The Contractor must coordinate all workers' compensation claim handling, document management and benefit determination to avoid duplicate expense to the County.
- 10.29.7 At the initiation of benefits on an LTD claim with an open workers' compensation claim, the Contractor must prepare an opening lien with proof of service to be sent to the Workers' Compensation Appeals Board, the designated workers' compensation TPA, the assigned County Counsel representative and the claimant's attorney.
- 10.29.8 At the termination of benefits on an LTD claim with an open workers' compensation claim, the Contractor must prepare an ending lien, listing all benefits paid and send this document with proof of service to the appropriate parties as specified in Sub-paragraph 10.29.7 above.

- 10.29.9 The Contractor must review information on STD benefits paid and earned income received on a weekly basis and information on LTD claims on a monthly basis.
- 10.29.10 If any information affecting benefit payments changes, the Contractor must advise the STD claimant's payroll unit so they may recalculate the STD benefits along with the applicable tax withholding.
- 10.29.11 The Contractor must recalculate LTD claimants' benefits along with the applicable tax withholding and provide the claimant with a notice of the benefit change via the online portal and e-mail (as well as via mail if the claimant selects this option) within seven (7) Business Days of completing the recalculation.
- 10.29.12 The Contractor must continue to monitor and investigate any potentially fraudulent issues as appropriate, collaborate with the workers' compensation TPA and notify the County's Project Monitor within seven (7) Business Days of its collaboration with the workers' compensation TPA.
- 10.29.13 If there is a conflict with the medical information provided by the claimant's physician, the Contractor must arrange for a medical evaluation to be conducted by an IME.

PART III: SURVIVOR BENEFIT PLAN – NON-MEGAFLEX EMPLOYEES ONLY

The Contractor must provide SB Plan claims administration services to County non-Megaflex employees in accordance with the TPA's Claims Procedure Administration Manual. The Contractor must respond, in accordance with confidentiality policies, to telephonic, electronic and written inquiries about the SB Plan and claims from claimants, potential claimants, County Counsel, claimants' attorneys, County personnel officers and other County personnel within three (3) Business Days of the inquiry.

10.30 Eligibility Requirements

The SB Plan provides income replacement to an eligible surviving spouse or State-registered domestic partner of a County non-MegaFlex employee. The survivor must be eligible prior to the employee's date of death. In the absence of a spouse or domestic partner, income replacement will be paid to a minor child or children of a non-MegaFlex employee who was eligible to receive or was receiving LTD benefits. If an employee had less than five (5) years of continuous County service, their death must have been determined as being a direct consequence of their County job in order for the survivor to be eligible for benefits.

10.31 Coverage

The benefit is fifty-five percent (55%) of the LTD benefit after offsets that the employee was receiving or would have been eligible to receive prior to the date of death.

10.32 Duration of Benefits

The SB is payable throughout the lifetime of the spouse or domestic partner, or in the absence of a spouse or domestic partner, until each of the eligible children reaches age 18, or through the age of 21 if they are full-time students in an accredited school and/or unmarried.

10.33 If, prior to the date of death, the employee was enrolled in Long-Term Disability Health ("LTDH"), the surviving spouse or domestic partner will continue to receive seventy-five percent (75%) or one hundred percent (100%) of the monthly medical insurance premium for the previously enrolled medical insurance plan.

11.0 PERFORMANCE REQUIREMENTS SUMMARY

The Performance Requirements Summary ("PRS") Chart, Attachment 2 of this Exhibit A (SOW), lists required services that will be monitored by the County during the term of this Contract is an important monitoring tool for the County.

The chart should:

- reference section of the Contract
- list required Services;
- indicate the method of monitoring; and
- indicate the deductions/fees to be assessed for each service that is not satisfactory.

All listings of services used in the PRS are intended to be completely consistent with the Contract and the SOW, and are not meant in any case to create, extend, revise or expand any obligation of the Contractor beyond that defined in the Contract and the SOW. In any case of apparent inconsistency between Services as stated in the Contract, the SOW and this PRS, the meaning apparent in the Contract and the SOW will prevail. If any service seems to be created in this PRS which is not clearly and forthrightly set forth in the Contract and the SOW, that apparent service will be null and void and place no requirement on the Contractor.

12.0 TRANSITION SERVICES

12.1 Transition Services

12.1.1 Transition Support - County

Prior to the start date of the Contract, the County will notify the existing benefit claims third-party administration contractor to release (i.e., electronically transfer and provide for pick up, if necessary) all historical and take-over claims, including case files, and any other data and materials necessary for the Contractor to service this Contract, to the new Contractor, upon the new Contract's execution.

12.1.2 Transition Support - Contractor

During the transition period, as set forth in Exhibit B (Pricing Schedule), and as requested by the County throughout the Contract term, the Contractor must:

- 1) provide sufficient management support and staffing to effect an orderly transition of claims, including case files, if any, and any other data and materials, as described in SOW, Sub-paragraph 12.1.1;
- 2) ensure compliance with the County's encryption standards, and complete the project deliverables set forth in SOW, Sub-paragraph 12.1.3 to implement the Automated Management System;
- 3) retrieve and/or receive any electronic and/or hardcopy claims, case files, and any other data and materials, as described in SOW, Sub-paragraph 12.1.1, at the County's request and instruction; and
- 4) ensure that its key personnel attend the County's orientation to the County's LTD, SB, and STD plans, as set forth in SOW, Sub-paragraph 6.2.1 (Orientation and Transition Services).

12.1.3 Project Deliverables

This Sub-paragraph 12.1.3 describes the deliverables that the Contractor must complete to ensure the secure transmission of data and to implement the Contractor's Automated Management System described in this SOW, Sub-paragraph 6.6.7. The Contractor must work closely with the County and the County's Third-Party

Administrators (“TPA”) to provide project initiation and plan development, system integration, configuration and testing, data load migration, and Go-Live delivery (“Project”), as set forth in the following deliverables. The Contractor must work with the County to provide recommendations as appropriate on the management of active Project issues and risks during the Project tenure.

12.1.3.1 Deliverable 1 – Project Initiation and Plan Development Phase:

Under the direction of the County, the Contractor must provide a detailed Project Plan that will ensure the efficiency and effectiveness of Project activities and the timely submission of deliverables. The Project Plan must include schedules for all phases and activities.

1. Project Kickoff Meeting – The Contractor, the County, and the County’s TPAs must attend a kick-off meeting to review the scope and objectives of the Project, establish processes and controls, and identify the format and delivery method for Project documentation and deliverables.
2. Project Methodology – The Contractor must establish an agile project methodology to manage all activities and tasks for the Project, including stakeholder management, communication plans, risk management, scope management, and budget tracking.
3. Detailed Project Plans – The Contractor must work with County Project Management Team to develop the following:
 - Discovery/Design and Requirement Workshop Plan;
 - Testing Plan;
 - System Administrator and End User Training Plan;
 - Reporting Administrator End User Training Plan; and
 - Project Schedule

4. Weekly Status Reports and Meetings – Beginning one week after kick-off, the Contractor must deliver progress reports one day prior to the weekly status meetings to the County Project Managers or their designees to review progress throughout the duration of the Projects.

12.1.3.2 Deliverable 2 – Discovery/Design Phase:

The Contractor must conduct the workshops developed in Deliverable 1 to orient teams to the capabilities that are needed within the solution, facilitate the Contractor documenting the requirements into the functionality sought within the configured solution implementation, and consolidate the refined requirements into the functionality sought within the configured solution implementation, and consolidate the refined requirements collected during the workshops into the required technical artifacts that at minimum must include the following:

- a. Configuration workbook(s) that detail essential aspects of the custom solution;
- b. Integrations;
- c. Report mockups;
- d. Process and Data Maps; and
- e. Other documents that include details of the configuration specific to the implementation, or the technical architecture of the integrations developed for use within the solution.

The Contractor must work with the County and the County's TPAs to perform the following activities:

1. Review the Project scope and requirements;
2. Review and discuss the following:
 - All system requirements set forth in SOW, Sub-paragraph 6.6.7 (Automated Management System Requirements);
 - Reporting and notification requirements, as set forth in SOW, Sub-paragraphs 6.6.8 (Data Maintenance) and 6.6.9 (Notification for System

Enhancement) and 10.0 (Specific Work Requirements), and as instructed by the County;

- Testing requirements and planning;
- System Administration and Training Requirements;
- Production Go-Live requirements and planning; and
- Production Support.

12.1.3.3 Deliverable 3 – Configuration and Testing Phase:

Using the documentation collected during Discovery/Design Phase, the Contractor must build out a solution in preparation for User Acceptance Testing (“UAT”).

The Contractor must:

1. Configure test/pilot portal including Set Account Permissions;
2. Set up test/pilot environment (i.e., build out configurations; set up preferences and email triggers; set up roles and their respective security permissions; set up review and approval workflows; and build out all data feed integrations in test/pilot environment);
3. Provide an End-to-End Sample Demonstration;
4. Schedule and provide appropriate system training to County to prepare users for UAT testing and validation; and
5. Support County team during UAT testing and validation. Support must include:
 - Deliver Test Scripts in collaboration with County;
 - Triage (categorize and prioritize) reported issues and address prior to Go-Live; and

- Update configuration documentation with modifications identified and implemented.

12.1.3.4 Deliverable 4 – Data Load / Migration Phase:

Using the documentation collected during the Discovery/Design phase, the Contractor must migrate the historical data from the existing system to the Contractor's Automated Management System.

Data Load/Migration must include the following:

- Migrate historic data and documents in pilot; and
- Ensure historic data load has gone through initial validation in pilot.

12.1.3.5 Deliverable 5 – Go-Live Delivery Phase:

Using the documentation collected from the UAT activities, the Contractor must:

1. Configure production portal which must include Set Account Permissions;
2. Build out the solution that has reached UAT completion in the Live/Production environment in preparation for Go-Live;
3. Schedule and execute final historical data loads; and
4. Work with County Implementation team on Go-Live preparations, including:
 - Confirming Go-Live date;
 - Finalizing any integrations projects; and
 - Closing out any open issues/items.

12.1.3.6 Issue/Risk Management

The Contractor must work with the County to provide recommendations as appropriate on the management of active Project issues and risks during the Project tenure

and to assign responsibilities for implementing the following remediation steps:

1. Identify: Identify and document Project issues (current problems) and risks (potential events that impact the Project).
2. Analyze and Prioritize: Assess the impact and determine the highest priority risks and issues that will be managed actively.
3. Plan and Schedule: Determine how high-priority risks are to be managed and assign responsibility for risk management and issue resolution.
4. Track and Report: Monitor and report the status of risks and issues and communicate issue resolutions. Reported issues and risks must be remediated within forty-eight (48) hours of being reported/identified.

12.2 Transition Services – Responsibilities Upon Expiration or Termination

12.2.1 The Contractor must cooperate with the County to provide for a smooth transition from Contractor-provided Services to whatever service replacement method the County determines to be in the County's best interest. The Contractor must provide sufficient management support and staffing to effect an orderly transition, during the following transition periods:

1. Two (2) months prior to and two (2) months following non-renewal or expiration of the Contract in the ordinary course of business;
2. Two (2) months following the effective date of termination of the Contract upon the County's termination pursuant to Paragraph 8.43 (Termination for Default) of the Contract; and
3. Two (2) months following the effective date of notice of termination by the County for any reason other than a termination pursuant to Paragraph 8.43 (Termination for Default) of the Contract.

12.2.2 The Contractor must facilitate the disposition of all take-over and historical claims/case files, records, and any other data and materials generated for or provided by the County to service this Contract, as requested by the County, as set forth in this Section

12.0 of this SOW, and as further defined in Section 3.0 of Exhibit H (Information Security and Privacy Requirements) to the Contract.

(Note: The Contractor will not be entitled to any compensation or other fees for transition services provided following the expiration, non-renewal or termination of the Contract for any reason.)

STATEMENT OF WORK

ATTACHMENTS

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Attachments

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CONTRACT DISCREPANCY REPORT

CONTRACTOR RESPONSE DUE BY _____ (enter date and time)

Date: Click or tap here to enter text.		Contractor Response Received: Click or tap here to enter text.
Contractor: Click or tap here to enter text.	Contract No. Click or tap here to enter text.	County's Project Manager: Click or tap here to enter text.
Contact Person: Click or tap here to enter text.	Telephone: Click or tap here to enter text.	County's Project Manager Signature:
Email: Click or tap here to enter text.		Email: Click or tap here to enter text.

A contract discrepancy(s) is specified below. The Contractor will take corrective action and respond back to the **County personnel** identified above by the date required. Failure to take corrective action or respond to this Contract Discrepancy Report by the date specified may result in the deduction of damages.

No.	Contract Discrepancy	Contractor's Response*	County Use Only		
			Date Correction Due	Date Completed	Approved
1	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
2	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
3	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.

***Use additional sheets if necessary**

Contractor's Representative Signature	Date Signed
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Additional Comments: Click or tap here to enter text.

PERFORMANCE REQUIREMENTS SUMMARY (PRS) CHART

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEES TO BE ASSESSED
Contract: Sub-paragraph 7.2.1 - Administration of Contract- Contractor's Project Manager	The Contractor to notify the County in writing of any change in name or address of the Project Manager and designated alternate, as set forth in the Contract, Sub-paragraph 7.2.1.	Inspection & Observation	\$100 per occurrence
Contract: Sub-paragraph 7.6.4 - Confidentiality	The Contractor to cause each employee performing services covered by the Contract to sign Exhibit F2 (Contractor Employee Acknowledgement and Confidentiality Agreement) and submit to the County within ten (10) Business Days of Contract inception or the start of each employee's employment, as set forth in the Contract, Sub-paragraph 7.6.4. The Contractor to cause each non-employee performing services covered by the Contract to sign Exhibit F3 (Contractor Non-Employee Acknowledgment and Confidentiality Agreement) and submit to the County within ten (10) Business Days of Contract inception or the start of each non-employee's provision of Contract services, as set forth in the Contract, Sub-paragraph 7.6.4.	Submission and Inspection of Contract File	\$100 per occurrence

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
Contract: Paragraph 7.7 – Negotiations/Settlement	The Contractor to obtain written approval from a designated representative of the County prior to the initiation of negotiations for a settlement agreement, as set forth in the Contract, Paragraph 7.7.	Inspection and Observation	\$5,000 per occurrence
Contract: Paragraph 8.38 - Record Retention & Inspection/Audit Settlement	The Contractor to maintain all required documents as specified in the Contract, Paragraph 8.38.	Inspection of files	\$100 per occurrence
Contract: Paragraph 8.40 - Subcontracting	The Contractor to obtain the County's written approval prior to subcontracting any work.	Inspection & Observation	\$100 per occurrence; possible termination for default of Contract
SOW: Paragraph 3.1 – Quality Control Plan	The Contractor to establish and utilize a comprehensive Quality Control Plan to assure the County a consistently high level of service throughout the term of the Contract. The Contractor to submit the Quality Control Plan to the County's Contract Project Monitor for review within thirty (30) Business Days of Contract execution, as set forth in SOW, Section 3.0.	Submission of Plan	\$500 for initial day late; and \$100 per additional day late

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Sub-paragraph 3.2.1 – Customer Satisfaction	The Contractor to issue a periodic survey to all County claimants for disability benefits at claim decision and claim closure to obtain customer satisfaction data, and must share this data with the County along with recommendations on how to address any deficiencies or opportunities for improved service within seven (7) Business Days of its findings, as set forth in SOW, Sub-paragraph 3.2.1.	Submission of Survey Results and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 3.3.2 – Recordings and Transcripts	The Contractor to ensure that recordings and transcripts of telephonic conversations, email records and/or chat messages between the Contractor's specialists and claimants can be reviewed by the County upon request and not to exceed one (1) Business Day of the County's request.	Inspection and Observation of Availability of recordings and transcripts	\$250 per initial day late, and \$150 per additional day late
SOW: Paragraph 4.1 – Monthly Meetings	The Contractor is required to attend scheduled monthly meetings, or more frequently upon the County's request, as set forth in SOW, Paragraph 4.1.	Attendance	\$500 per occurrence

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Paragraph 4.3 – Contract Discrepancy Report	The Contractor to verbally notify the County's Project Manager whenever a Contract discrepancy is identified, respond in writing to the County's Project Manager within five (5) Business Days of receipt of the County's Master Contract Discrepancy Report, and submit plan for correction of all deficiencies identified in this report within five (5) Business Days, as set forth in SOW, Paragraph 4.3.	Inspection & Observation	\$250 for initial day late, and \$100 per each additional day late.
SOW: Sub-paragraph 6.2.3 - Imprest Fund Bank Account - For LTD and SB Claims Only, Sub-paragraph 6.2.3.3	The Contractor to submit a monthly request for funds to pay the monthly benefits due at least five (5) Business Days prior to payment, as set forth in SOW, Sub-paragraph 6.2.3.3.	Inspection & Observation	\$500 per initial day late, and \$250 per additional day late
SOW: Sub-paragraph 6.2.3 - Imprest Fund Bank Account - For LTD and SB Claims Only, Sub-paragraph 6.2.3.5	The Contractor to provide to the County a monthly reconciliation of funds received and disbursed from the Imprest Fund Bank Account, as set forth in SOW, Sub-paragraph 6.2.3.5.	Inspection & Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 6.2.3 - Imprest Fund Bank Account - For LTD and SB Claims Only, Sub-paragraph 6.2.3.6	The Contractor to respond to the CashPro Activity Alert Notifications regarding any Positive Pay exception report within the timeframe specified by the County, as set forth in SOW, Sub-paragraph 6.2.3.6.	Inspection & Observation	\$150 per initial day late, and \$100 per additional day late

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Sub-paragraph 6.2.4 - Format of Correspondence and Reports, Sub-paragraph 6.2.4.3	The Contractor to produce reports no later than ten (10) Business Days from the request, as set forth in SOW, Sub-paragraph 6.2.4.3.	Inspection & Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 6.3.1.1	The Contractor to provide a telephone number where the Project Manager/alternate may be reached between 8:00 am and 5:00 pm Pacific Time, Monday through Friday, except County holidays, as set forth in SOW, Sub-paragraph 6.3.1.1.	Observation	\$250 per occurrence
SOW, Sub-paragraph 6.3.1.4	The Contractor's Project Manager must have at least three (3) years' experience within the last seven (7) years overseeing third-party administration services for short-term and long-term disability claims (including survivor benefit claims), equivalent or similar in scope to the services described in Exhibit A (SOW), Section 10.0 (Specific Work Requirements), for public and/or private sector entities with a minimum population of 35,000 covered employees.	Inspection & Observation	\$1,000 per occurrence

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Sub-paragraph 6.6.3 – Data Transfer	The Contractor to provide a computerized data transfer that utilizes encryption to the County on a semi-annual basis, as described in SOW, Sub-paragraph 6.6.3.	Submission of Data Transfer	\$300 per occurrence
SOW: Sub-paragraph 6.6.4.1 – Claim Administration Procedure Manual	The Contractor to provide a "Claims Administration Procedure Manual" describing policies and procedures for the administration of County cases within three (3) months of Contract award, as set forth in SOW, Sub-paragraph 6.6.4.1.	Submission of Plan and Observation	\$500 for initial day late and \$50 per additional day late.
SOW: Sub-paragraph 6.6.4.2 – Business Continuity Plan	The Contractor to provide a written Business Continuity Plan describing a structured and integrated process that ensures uninterrupted provision of critical services within one (1) month of Contract award, as set forth in SOW, Sub-paragraph 6.6.4.2.	Submission of Plan and Observation	\$1,000 for initial day late and \$50 per additional day late.
SOW: Sub-paragraph 6.6.5 – Plan Documents	The Contractor to mail the County-provided LTD and STD pamphlets via first class mail on a mutually agreed upon date, as determined by the County, as set forth in SOW, Sub-paragraph 6.6.5.	Inspection & Observation	\$250 per initial day late, and \$150 per additional day late.

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Sub-paragraph 6.6.10.5	The Contractor to gather survey data and report back to the County on a quarterly basis, as set forth in SOW, Sub-paragraph 6.6.10.5.	Inspection & Observation	\$150 per initial day late, and \$100 per additional day late.
SOW: Sub-paragraph 6.6.11.2 – Record Retention	The Contractor to retain all records, including all historical and takeover case files and all case files created by the Contractor under this Contract, for the duration of this Contract, or as required by all applicable federal, state or local regulations for recordkeeping that apply to the Contractor, whichever is longer, as set forth in SOW, Sub-paragraph 6.6.11.2.	Inspection & Observation	\$5,000 per occurrence and an additional \$200 per individual record not retained as required by the Contract.
SOW: Sub-paragraph 6.6.11.2 – Record Retention	The Contractor to ensure that no claims information or documentation is destroyed without the County Project Manager's approval, and the Contractor must be responsible for storage of all files retained during the term of this Contract, as set forth in SOW, Sub-paragraph 6.6.11.2.	Inspection & Observation	\$10,000 per occurrence and \$500 per claim

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Sub-paragraph 6.6.11.3	The Contractor must create a duplicate and separate electronic copy of each takeover case file and new case file created under this Contract, in accordance with all HIPAA, privacy and other applicable laws, as set forth in SOW, Sub-paragraph 6.6.11.3.	Inspection & Observation	\$500 per case file
SOW: Paragraph 6.7 - Training	The Contractor shall provide training, as specified in SOW, Paragraph 6.7.	Inspection & Observation	\$100 per occurrence
SOW: Paragraph 6.8 – Contractor's Office	The Contractor to ensure that the Contractor's office has email and a telephone number with voicemail for County to leave messages, and that the Contractor returns County voicemails and e-mails no later than one (1) Business Day of the date the voicemail or e-mail message was sent, as set forth in SOW, Paragraph 6.8.	Observation	\$250 for initial day late and \$100 per additional day late
SOW: Section 10.0 – Specific Work Requirements	The Contractor must provide the Specific Work Requirements, as specified in SOW, Section 10.0.	Inspection & Observation	\$100 per occurrence (this remedy applies to all Specific Work Requirements of SOW, Section 10.0 that are not already listed separately in this PRS).

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Paragraph 10.7 – Disruption of STD Benefit Payments	The Contractor to advise both the claimant's department and DHR's Employee Benefits ("EB") Division in writing within five (5) Business Days of an employee's benefit disruption to ensure other benefits are not adversely impacted, as set forth in SOW, Paragraph 10.7.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Paragraph 10.8 - STD Claim Administration, Sub-paragraph 10.8.1	The Contractor to apply disability and survivor benefit management procedures, guidelines and protocols consistently in keeping with the Contractor's established Claims Procedure Administration Manual across all cases, as set forth in SOW, Sub-paragraph 10.8.1.	Inspection and Observation	\$100 per occurrence
SOW: Sub-paragraph 10.8.2	The Contractor to respond, in accordance with confidentiality policies, to inquiries about the STD plan and claims within three (3) Business Days, as set forth in SOW, Sub-paragraph 10.8.2.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraphs 10.9.1 and 10.19.3.	The Contractor, at its expense, to provide both telephonic and electronic options for filing an STD and LTD claims, as set forth in SOW, Sub-paragraphs 10.9.1 and 10.19.3.	Inspection and Observation	\$250 per occurrence

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Sub-paragraph 10.9.2 – Eligibility Determination	When employee calls to report a claim, the Contractor to obtain the required information listed in SOW, Sub-paragraph 10.9.2.	Inspection and Observation	\$100 per occurrence
SOW: Sub-paragraph 10.9.4 – Claims Packet	The Contractor to produce and provide a Claims Packet to the claimant, as set forth in SOW, Sub-paragraph 10.9.4, within one (1) Business Day.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 10.10.2	The Contractor to determine benefit eligibility within two (2) Business Days of having received complete information from the employee and their physician, as set forth in SOW, Sub-paragraph 10.10.2.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 10.11.1 – STD Claim Approval	If claimant is found to be eligible for benefits, the Contractor to provide a text and approval notice, as detailed in SOW, Sub-paragraph 10.11.1, within two (2) Business Days to the parties listed in SOW, Sub-paragraph 10.11.1 and include all required information listed therein.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Sub-paragraph 10.12.1 – STD Claim Denial	If claimant is found to be ineligible for benefits, the Contractor to notify claimant via telephone and provide a denial notice, as detailed in SOW, Sub-paragraph 10.12.1, within two (2) Business Days to the parties listed in SOW, Sub-paragraph 10.12.1 and include all required information listed therein.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 10.12.2 – Appeal of Denied STD Claim	Upon receipt of claimant's appeal request, the Contractor to assign the appeal to an independent evaluator within three (3) Business Days and provide a confirmation notice to the claimant, as detailed in SOW, Sub-paragraph 10.12.12, including all required information listed in SOW, Sub-paragraph 10.12.2.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 10.12.3	The Contractor to ensure that the independent evaluator provides an appeal decision within fifteen (15) Business Days after receipt of the request for appeal, as set forth in SOW, Sub-paragraph 10.12.3.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Sub-paragraph 10.12.4 – Appeal of Denied Claim, Incomplete File	If there is missing medical or other information needed to support the appeal review process, the Contractor to send a text notification and provide a notice to the claimant, within five (5) Business Days of receiving the assignment of the appeal, informing them that the file is incomplete, as detailed in SOW, Sub-paragraph 10.12.4.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 10.12.7 – STD Claim Denial Upheld	The Contractor to notify claimant via telephone and provide a personalized claim denial notice to claimant within five (5) Business Days of the completed appeal review process and include all required information, as detailed in SOW, Sub-paragraph 10.12.7.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 10.12.8 – STD Claim Denial Overturned	The Contractor to send the claimant a text notification and provide a personalized notice of STD claim denial overturned to the claimant, as detailed in SOW, Sub-paragraph 10.12.8 within five (5) Business Days of the completed appeal review process and include all required information listed in SOW, Sub-paragraph 10.12.8.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEES TO BE ASSESSED
SOW: Sub-paragraph 10.13.3	On a denial of continued benefits, the Contractor to notify the claimant via telephone, prepare the denial notice including appeals procedures, and provide the denial notice to the claimant within five (5) Business Days of the determination, as set forth in SOW, Sub-paragraph 10.13.3.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 10.17.3 – Disruption of LTD Benefit Payments	The Contractor to advise DHR's EB and Disability Benefits Unit within five (5) Business Days of the benefit disruption, as set forth in SOW, Sub-paragraph 10.17.3.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 10.18 – LTD Claim Administration, Sub-paragraph 10.18.1	The Contractor to apply disability and survivor benefit management procedures, guidelines and protocols consistently in keeping with the Contractor's established Claims Procedure Administration Manual across all cases, as set forth in SOW, Sub-paragraph 10.18.1.	Inspection and Observation	\$100 per occurrence
SOW: Sub-paragraph 10.18.2	The Contractor to respond, in accordance with confidentiality policies, to inquiries about the LTD plan and claims within three (3) Business Days, as set forth in SOW, Sub-paragraph 10.18.2.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Sub-paragraph 10.19.1 – Notice of LTD Plan Potential Eligibility	The Contractor to provide an LTD benefit notice with claim application instructions to potential claimants listed on the monthly Absence Report within seven (7) Business Days, as set forth in SOW, Sub-paragraph 10.19.1.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 10.19.2 – LTD Reminder Notice	For potential claimants that fail to respond to the LTD notice within 30 calendar days, the Contractor to provide a reminder notice within seven (7) Business Days of the 30-day response period, as set forth in SOW, Sub-paragraph 10.19.2.	Inspection & Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Paragraph 10.20 – Notice of LTD Claim Approval, Sub-paragraph 10.20.1	The Contractor to send the claimant a text notification to the claimant and provide a notice of the approval of an LTD benefit claim to the claimant and the County within five (5) Business Days of the determination, as set forth in SOW, Sub-paragraph 10.20.1.	Inspection & Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraphs 10.22.1 and 10.22.2 – Notice of LTD Claim Denial	The Contractor to notify the claimant of the denial of an LTD benefit claim via telephone and provide notice of the denial to the claimant and the County within seven (7) Business Days of the determination, as set forth in SOW, Sub-paragraphs 10.22.1 and 10.22.2.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Paragraph 10.23.2 – Appeal of LTD Claim Denial	Within three (3) Business Days of receipt of a claimant's appeal request, the Contractor must notify the County's Project Monitor and refer the appeal request to the Contractor's national appeals unit, as set forth in SOW, Sub-paragraph 10.23.2.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 10.24.3	The Contractor to make claim payments on a monthly or bi-monthly basis, as set forth in SOW, Sub-paragraph 10.24.3.	Inspection and Observation	\$300 per occurrence
SOW: Sub-paragraph 10.24.6	The Contractor to respond to any inquiries regarding benefit payments within two (2) Business Days, as set forth in SOW, Sub-paragraph 10.24.6.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Paragraph 10.28 – Final Determination of Total Disability, Sub-paragraph 10.28.1	The Contractor to determine the final decision for total disability after twenty-three (23) months of benefit eligibility and prior to the end of the twenty-fourth (24 th) month of LTD benefit eligibility, as set forth in SOW, Sub-paragraph 10.28.1.	Inspection and Observation	\$500 per occurrence
SOW: Sub-paragraph 10.28.2 Notification of Total Disability Determination	The Contractor to notify the parties listed in SOW, Paragraphs 10.28.2 within seven (7) calendar days of the Contractor's determination, as set forth in SOW, Sub-paragraph 10.28.2, 1) and 2)	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Sub-paragraph 10.28.3	The Contractor to notify LACERA when LTD benefits terminate for a claimant covered by Retirement Plan E within seven (7) Business Days of the LTD benefits termination, as set forth in SOW, Sub-paragraph 10.28.3.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 10.28.4	The Contractor to respond, in accordance with confidentiality policies, to LTD and claim inquiries within three (3) Business Days, as set forth in SOW, Sub-paragraph 10.28.4.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraphs 10.28.6	The Contractor to send the claimant a text notification and provide notice to the claimant and the Group Term Life TPA of the claimant's eligibility for continued benefits within seven (7) Business Days of the determination, as set forth in SOW, Sub-paragraph 10.28.6.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraphs 10.28.7 – Reconciliation of LTD Benefits with Federal Death Records	The Contractor to reconcile LTD benefits with federal death records on a quarterly basis, as set forth in SOW, Sub-paragraphs 10.28.7.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Sub-paragraph 10.28.8 – Reconciliation of LTD Benefits with Federal Death Records	The Contractor to notify the County’s Project Monitor via the Contractor’s online portal and e-mail within seven (7) Business Days when benefits are inadvertently issued to deceased claimants, as set forth in SOW, Sub-paragraph 10.28.8.	Inspection and Observation	\$250 per initial day late, and \$150 per additional day late
SOW: Sub-paragraphs 10.28.9 – Reconciliation of LTD Benefits with Federal Death Records	The Contractor to report back on a quarterly basis on the success of recovery efforts until the overpayment is corrected or the matter is closed, as set forth in SOW, Sub-paragraphs 10.28.9.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 10.29.5 to 10.29.8 – STD/LTD Claims and Workers’ Compensation Claims	Where a claimant has both an STD or LTD claim and a workers’ compensation claim, the Contractor to perform services as set forth in SOW, Sub-paragraphs 10.29.5 to 10.29.8.	Inspection and Observation	\$100 per occurrence
SOW: Sub-paragraph 10.29.11	The Contractor to recalculate LTD claimants’ benefits along with the applicable tax withholding and provide a notice of the benefit change, as set forth in SOW, Sub-paragraph 10.29.11, to the claimant within seven (7) Business Days.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Sub-paragraph 10.29.12	The Contractor to notify the County within seven (7) Business Days of its collaboration with the workers' compensation TPA, as set forth in SOW, Sub-paragraph 10.29.12.	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Part III: Survivor Benefit Plan – Non-Megaflex Employees Only	The Contractor to respond, in accordance with confidentiality policies, to inquiries about the SB Plan and claims within three (3) Business Days of the inquiry, as set forth in SOW, Part III (Survivor Benefit Plan – Non-Megaflex Employees Only).	Inspection and Observation	\$150 per initial day late, and \$100 per additional day late
SOW: Sub-paragraph 12.1.2, Transition Support – Contractor	During the transition period, as set forth in Exhibit B (Pricing Schedule), and as requested by the County throughout the Contract term, the Contractor must provide the transition support described in SOW, Sub-paragraph 12.1.2, 1), 2), 3) and 4).	Inspection and Observation	\$5,000 per occurrence

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
SOW: Sub-paragraph 12.2, Transition Services – Responsibilities Upon Expiration or Termination	The Contractor must cooperate with the County to provide for a smooth transition from Contractor-provided Services to whatever service replacement method the County determines to be in the County's best interest, and must provide sufficient management support and staffing to effect an orderly transition during the transition periods set forth in SOW, Sub-paragraph 12.2.1. The Contractor must facilitate the disposition of all take-over and historical claims/case files and any other data and materials generated for or provided by the County to service this Contract, as requested by the County, as set forth in this Section 12.0 of this SOW, and as further defined in Section 3.0 of Exhibit H (Information Security and Privacy Requirements) to the Contract, as set forth in SOW, Sub-paragraph 12.2.2.	Inspection and Observation	\$5,000 per occurrence

**COUNTY OF LOS ANGELES
ELIGIBLE AND PARTICIPATING EMPLOYEES
FOR
SHORT AND LONG-TERM DISABILITY AND
SURVIVOR PLAN BENEFITS**

As of July 31, 2022

1. County workforce eligible for LTD/SB and/or STD/LTD Plans: 112,608
2. Employees eligible for Non-MegaFlex LTD/SB Plan (approx.): 85,146
3. Employees participating in MegaFlex LTD and STD Plans:
 - **LTD:** 13,256
 - **STD:** 15,081
 - a) 70% - 14-Day Waiting Period: 6,986
 - b) 100% - 7-day Waiting Period: 8,095
4. Number of County Departments: 55

LONG-TERM DISABILITY AND SURVIVOR BENEFITS: WORKLOAD STATISTICS

LTD claims include general population, and Mega LTD Claims includes MegaFlex. Claim status is determined at the end of each calendar month.

The total under all the columns for "Open Claims" in each year's data was based on the average total number. Open claims include pending, active and suspended claims.

2021	LTD Claims		Survivor Claims		Mega LTD Claims	
MONTH	New Claims	Open Claims	New Claims	Open Claims	New Claims	Open Claims
Jan	34	1667	5	1399	11	248
Feb	30	1681	11	1406	8	250
Mar	32	1691	10	1413	11	254
Apr	18	1637	19	1425	4	239
May	33	1637	5	1424	15	246
Jun	32	1643	4	1425	13	250
Jul	51	1641	8	1428	14	249
Aug	62	1644	4	1429	13	244
Sep	65	1652	2	1430	24	251
Oct	57	1656	3	1431	20	265
Nov	58	1660	5	1429	24	271
Dec	60	1685	4	1428	28	281
	Total: 532	Average Yearly Total: 1658	Total: 80	Average Yearly Total: 1423	Total: 185	Average Yearly Total: 277

LONG-TERM DISABILITY AND SURVIVOR BENEFITS: WORKLOAD STATISTICS

2020	LTD Claims		Survivor Claims		Mega LTD Claims	
MONTH	New Claims	Open Claims	New Claims	Open Claims	New Claims	Open Claims
Jan	85	1526	28	1387	18	251
Feb	64	1517	28	1384	19	238
Mar	86	1498	22	1395	22	235
Apr	82	1472	26	1396	24	239
May	62	1479	23	1399	26	240
Jun	68	1480	18	1396	26	247
Jul	41	1473	25	1405	27	245
Aug	64	1473	16	1407	17	247
Sep	91	1454	12	1405	17	251
Oct	68	1446	26	1411	31	252
Nov	78	1451	18	1414	33	250
Dec	99	1429	29	1427	28	247
	Total: 888	Average Yearly Total: 1475	Total: 271	Average Yearly Total: 1402	Total: 288	Average Yearly Total: 245

LONG-TERM DISABILITY AND SURVIVOR BENEFITS: WORKLOAD STATISTICS

2019	LTD Claims		Survivor Claims		Mega LTD Claims	
MONTH	New Claims	Open Claims	New Claims	Open Claims	New Claims	Open Claims
Jan	95	1571	14	1343	35	278
Feb	81	1616	12	1348	21	279
Mar	69	1601	21	1363	24	270
Apr	43	1551	24	1366	19	262
May	52	1548	12	1358	23	259
Jun	75	1553	9	1356	28	266
Jul	84	1569	15	1356	28	277
Aug	85	1563	17	1370	12	261
Sep	18	1520	15	1376	13	262
Oct	52	1513	27	1389	22	263
Nov	82	1524	22	1386	19	258
Dec	76	1529	13	1388	19	254
	Total: 812	Average Yearly Total: 1555	Total: 201	Average Yearly Total: 1367	Total: 263	Average Yearly Total: 266

LONG-TERM DISABILITY AND SURVIVOR BENEFITS: WORKLOAD STATISTICS

2018	LTD Claims		Survivor Claims		Mega LTD Claims	
MONTH	New Claims	Open Claims	New Claims	Open Claims	New Claims	Open Claims
Jan	93	1598	1	1308	21	266
Feb	81	1603	1	1307	29	277
Mar	64	1559	1	1309	13	267
Apr	90	1577	9	1319	17	264
May	101	1572	6	1316	27	272
Jun	88	1585	4	1319	19	270
Jul	75	1581	3	1320	18	257
Aug	69	1560	5	1321	33	270
Sep	58	1570	9	1325	28	281
Oct	93	1581	3	1326	20	270
Nov	49	1564	9	1331	29	274
Dec	49	1550	4	1332	27	283
	Total: 910	Average Yearly Total: 1575	Total: 55	Average Yearly Total: 1319	Total: 281	Average Yearly Total: 271

LONG-TERM DISABILITY AND SURVIVOR BENEFITS: WORKLOAD STATISTICS

2017	LTD Claims		Survivor Claims		Mega LTD Claims	
MONTH	New Claims	Open Claims	New Claims	Open Claims	New Claims	Open Claims
Jan	96	1591	5	1303	21	250
Feb	55	1581	5	1307	14	248
Mar	74	1563	12	1313	20	240
Apr	52	1546	4	1313	15	235
May	114	1596	6	1317	19	248
Jun	90	1596	9	1324	20	255
Jul	61	1598	3	1320	24	261
Aug	105	1613	5	1321	25	268
Sep	58	1586	3	1318	16	261
Oct	68	1575	5	1317	22	255
Nov	106	1601	3	1312	25	265
Dec	58	1600	2	1312	23	273
	Total: 937	Average Yearly Total: 1587	Total: 62	Average Yearly Total: 1315	Total: 244	Average Yearly Total: 255

HEARING LOG

Hearing Log 2018-2022							
Appeal Letter Received	Pre-Hearing Conference	Hearing	Decision Date	Decision	Benefit Status as of 6/30/20	Benefit Status as of 6/30/2021	Benefit Status as of 6/30/2022
11/30/2017	1/8/2018	3/29/2018	5/12/2018	Overturned	Approved	Approved	Approved
11/28/2017	1/9/2018	3/22/2018	5/7/2018	Overturned	Terminated	Terminated	Terminated
10/2/2017	1/31/2018	No Hearing	5/21/2018	Upheld	Denied	Denied	Denied
12/15/2018	3/1/2019	5/16/2019	6/28/2019	Remanded	Denied	Denied	Denied
10/18/2016	3/18/2019	6/13/2019	7/29/2019	Upheld	Terminated	Terminated	Terminated
5/1/2019	5/29/2019	8/28/2019	10/11/2019	Upheld	Terminated	Terminated	Terminated
8/25/2019	10/17/2019	1/15/2020	2/21/2020	Upheld	Denied	Denied	Denied
9/11/2019	11/25/2019	3/2/2020	4/16/2020	Upheld	Terminated	Terminated	Terminated
1/13/2020	4/1/2020	5/5/2020	5/28/2020	Upheld	Denied	Denied	Denied
12/14/2019	4/8/2020	7/30/2020	9/11/2020	Overturned	Approved	Terminated	Terminated
4/6/2020	4/30/2020	7/15/2020	8/17/2020	Upheld	Terminated	Terminated	Reinstated/Approved
1/17/2020	5/12/2020	8/18/2020	9/8/2020	Upheld	Denied	Denied	Denied
3/30/2020	5/14/2020	9/1/2020	10/13/2020	Upheld	Denied	Denied	Denied
4/21/2020	6/18/2020	9/22/2020	11/5/2020	Upheld	Terminated	Terminated	Terminated
7/23/2020	8/27/2020	11/4/2020	12/7/2020	Upheld	Denied	Denied	Denied
7/30/2020	10/1/2020	12/10/2020	1/8/2021	Upheld	Terminated	Terminated	Terminated
8/24/2020	10/9/2020	No Hearing	N/A	N/A	Denied	Denied	Denied
8/25/2020	10/14/2020	11/2/2020	12/12/2020	Upheld	Terminated	Terminated	Terminated
12/10/2020	3/10/2021	6/9/2021	7/23/2021	Overturned	Approved	Terminated	Terminated
2/12/2021	3/10/2021	6/10/2021	7/23/2021	Upheld	Denied	Denied	Denied
7/9/2021	8/11/2021	11/4/2021	12/10/2021	Upheld	N/A	Approved	Terminated
7/26/2021	8/31/2021	11/4/2021	12/15/2021	Upheld	Terminated	Terminated	Terminated
8/25/2021	10/6/2021	1/13/2022	2/21/2022	Upheld	Approved	Terminated	Terminated
11/18/2021	3/17/2022	6/21/2022	6/21/2022	Upheld	N/A	Denied	Denied
3/10/2022	4/4/2022	6/23/2022	5/18/2022	Upheld	N/A	N/A	Denied
4/21/2022	6/9/2022	8/11/2022	8/23/2022	Upheld	Approved	Approved	Terminated

SERVICE LEVEL AGREEMENT

SERVICE LEVEL AGREEMENT

This Service Level Agreement is subject to the terms and conditions of this Contract and does not become operative until the County has signed off on Implementation, training is completed for all products purchased, and the online portal is live on the Contractor's production environment. For clarity, this Service Level Agreement applies only to "live" portals.

SERVICE LEVEL AGREEMENT

DEFECTS

A "Defect" is a technical defect with the Contractor's application and/or those portions of software integrations within the Contractor's control. Defects fall into two general categories: major (Severity 1 and Severity 2) and minor (Severity 3). The "Severity" of a Defect is determined by the County, subject to the following definitions and parameters.

Major Defects

- **Severity 1 (S1):** A Defect that results in at least one of the following: (i) the Contractor's URL produces no results, or (ii) the County's authorized users cannot log in to the Contractor's application after repeated attempts. "Severity 1" does not include downtime for maintenance.
- **Severity 2 (S2):** A Defect that results in any of the following: (i) an entire application module is inaccessible; no queue will process any transactions; (iv) no report within the application produces any data or the data has not been refreshed in fewer than twenty-four (24) hours; or (v) no tasks will launch.

	S1	S2
Initial Notification	One (1) hour via an Incident Report	
Status Updates	Every two (2) hours until resolution or as indicated in the Incident Report	
Resolution	Twelve (12) hours	Twenty-four (24) hours
Remedy	In the event that the Contractor has not complied with its "Resolution" obligations set forth above, then, for each calendar day (or portion thereof) that the Contractor has not so complied, the County shall be entitled, as its sole and exclusive remedy therefor, to a credit against the County's next invoice equal to 1/365th of the annual fees for the affected Software set forth in the Contract.	

Minor Defects

- **Severity 3 (S3):** A Defect in one or more application features.

For "Severity 3" Defects, the County determines its priority in having the Defect resolved [i.e., Priority 1 (P1), Priority 2 (P2), or Priority 3 (P3)]. Any issue not clearly labeled "Priority 1" or "Priority 2" by the County at the time of initial submission will be deemed a "Priority 3" issue.

As a guideline, below are some examples of the three priority levels:

- **Priority 1** = A prominent feature that County routinely uses that is important to the services is not working , and multiple users are prevented from progressing with important tasks. There is no work-around.
- **Priority 2** = A feature that is troublesome when it doesn't work, but multiple users are not prevented from progressing with important tasks. A work-around exists.
- **Priority 3** = A feature issue that is neither Priority 1 nor Priority 2, including without limitation, cosmetic issues with the application.

	S3/P1	S3/P2	S3/P3
Case Generation	Upon submission		
Status Updates	Available 24/7 via self-service portal.		
Resolution	Thirty (30) calendar days	Sixty (60) calendar days	Within a reasonable time period
Remedy	In the event that the Contractor has not complied with its "Resolution" obligations for S3/P1 and S3/P2 set forth above, then the County shall give the Contractor prompt, written notice of such non-compliance. If, after five (5) Business Days from receipt of such notice of non-compliance, the Contractor still has not resolved the problem, then the County shall be entitled, as its sole and exclusive remedy therefor, to a one-time credit against the County's next invoice equal to 1/365th of the annual fees for Software set forth in the Contract.		N/A

UPGRADE/DOWNGRADE OF PRIORITY LEVEL

If, during the case submission process, the Contractor reasonably determines, in consultation with the County, that the issue either warrants assignment of a higher priority level than currently assigned or no longer warrants the priority level currently assigned based on its current impact on the production operation of application, then the priority level will be upgraded or downgraded, in consultation with the County, to the priority level that most appropriately reflects its current impact.

GENERAL QUERIES

The Contractor endeavors to respond to all general queries about the application within one (1) Business Day.

SOFTWARE AVAILABILITY

The Contractor will provide at least 99.5% availability per calendar month to Software (excluding scheduled maintenance periods, which usually occur at or after 5:30 p.m. US Pacific Standard Time on Fridays). In the event that the Contractor has not complied with this Software availability obligation, then, for each 0.3% (or portion thereof) of availability below 99.5%, the County will be entitled to a credit against the County's next invoice equal to 1/365th of the annual fees for Software set forth in the Contract.

To claim a credit, the County must submit a credit request within thirty (30) days of the event giving rise to a credit. Upon receiving the request, the Contractor shall have five (5) Business Days to respond.

PRICING SCHEDULE¹

SHORT-TERM DISABILITY, LONG-TERM DISABILITY AND SURVIVOR BENEFIT CLAIMS ADMINISTRATION SERVICES

		Initial Term						Optional Extended Terms ²				
		Transition Period	Initial Term Monthly Costs					Optional Extended Terms Monthly Costs				
<u>Program</u>	<u>Cost Frequency</u>	December 5, 2023 - December 31, 2023	Contract Year 1 (2024)	Contract Year 2 (2025)	Contract Year 3 (2026)	<u>Initial Term Total</u>	Contract Year 4 (2027)	Contract Year 5 (2028)	Contract Year 6 (2029)	<u>Extension Terms Total</u>	<u>Contract Cost</u>	
STD	Monthly	\$ 0.00	\$ 20,724	\$ 21,138	\$ 21,561	\$ 761,085	\$ 21,993	\$ 21,993	\$ 21,993	\$ 791,748	\$ 1,552,833	
LTD	Monthly	\$ 0.00	\$ 140,544	\$ 143,355	\$ 146,222	\$ 5,161,450	\$ 149,147	\$ 149,147	\$ 149,147	\$ 5,369,292	\$ 10,530,742	
SB	Monthly	\$ 0.00	\$ 9,290	\$ 9,476	\$ 9,665	\$ 341,173	\$ 9,859	\$ 9,859	\$ 9,859	\$ 354,924	\$ 696,097	
	Total Monthly Cost for STD, LTD & SB Programs:	\$ 0.00	\$ 170,558	\$ 173,969	\$ 177,449							
							\$ 180,999	\$ 180,999	\$ 180,999			
											Total Contract Cost for STD, LTD & SB Programs	
	Total Annual Cost for STD, LTD & SB Programs:	\$ 0.00	\$ 2,046,696	\$ 2,087,630	\$ 2,129,383	\$ 6,263,708	\$ 2,171,988	\$ 2,171,988	\$ 2,171,988	\$ 6,515,964	\$ 12,779,672	
TOTAL CONTRACT SUM:											\$ 12,779,672	

¹The Contractor shall perform all services described in the Contract at the pricing set forth in this Exhibit B (Pricing Schedule). The Contractor's pricing shall include all costs incurred by the Contractor in handling submitted claims except for services performed by third-party vendors, referred to as "pass-through expenses," as set forth in the Contract, Sub-paragraph 5.2.2.1, that are over \$350 per claim. The Contractor will pay all third-party vendor expenses that are \$350 or less per claim.

²Years 4, 5 and 6 are optional, by mutual agreement of the County and the Contractor.

INTENTIONALLY OMITTED

COUNTY'S ADMINISTRATION

CONTRACT NO. 78290

COUNTY PROJECT DIRECTOR:

Name: Dr. Sepideh Souris
Title: Senior Human Resources Manager
Address: 510 S. Vermont Avenue, 12th Floor
Los Angeles, CA 90020
Telephone: 213-433-7222
Facsimile: N/A
E-Mail Address: ssouris@hr.lacounty.gov

COUNTY PROJECT MANAGER:

Name: Rashae Walsh
Title: Principal Analyst, Human Resources
Address: 510 S. Vermont Avenue, 12th Floor
Los Angeles, CA 90020
Telephone: 213-219-4876
Facsimile: N/A
E-Mail Address: rwalsh@hr.lacounty.gov

COUNTY PROJECT MONITOR:

Name: Humphrey Ahaiwe
Title: Human Resources Analyst IV
Address: 510 S. Vermont Avenue, 12th Floor
Los Angeles, CA 90020
Telephone: 213-433-7204
Facsimile: N/A
E-Mail Address: hahaiwe@hr.lacounty.gov

CONTRACTOR'S ADMINISTRATION**CONTRACTOR'S NAME:** Sedgwick Claims Management Services**CONTRACT NO:** 78290**CONTRACTOR'S PROJECT MANAGER:**

Name: Robert Ray
Title: Client Services Director
Address: 2201 W. Royal Lane, Suite 125
Irving TX 75063
Telephone: 469-243-2260
Facsimile: _____
E-Mail Address: robert.ray@sedgwick.com

CONTRACTOR'S ALTERNATE PROJECT MANAGER:

Name: Carey Nielsen
Title: Director of Operations & Client Services
Address: 8521 Fallbrook, Suite 250
West Hills CA 91304
Telephone: 805-630-9515
Facsimile: _____
E-Mail Address: carey.nielsen#sedgwick.com

CONTRACTOR'S AUTHORIZED OFFICIAL(S)

Name: Michael Shook
Title: Senior Vice President
Address: 8125 Sedgwick Way
Memphis, TN 38125
Telephone: 901-415-7400
Facsimile: 901-415-7409
E-Mail Address: legalcontracts@sedgwick.com

CONTRACTOR'S ADMINISTRATION**CONTRACTOR'S AUTHORIZED OFFICIAL(S)**

Name: Susan Dumas
Title: Senior Vice President Workforce Absence
Address: 2201 W. Royal Ln, Suites 125
Irving TX 75063-3303
Telephone: 469-417-6295
Facsimile: 818 591-7664
E-Mail Address: susan.dumas@sedgwick.com

Notices to Contractor shall be sent to the following:

Name: General Counsel - Americas
Title:
Address: 8125 Sedgwick Way
Memphis TN 38125
Telephone: 901-415-7400
Facsimile: 901-415-7409
E-Mail Address: legalcontracts@sedgwick.com

FORMS REQUIRED AT THE TIME OF CONTRACT EXECUTION

NON-IT CONTRACTS

F1 CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

AND

F2 CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY
AGREEMENT

AND

F3 CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY
AGREEMENT

CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

CONTRACTOR NAME Sedgwick Claims Management Services, Inc. Contract No. 78290

GENERAL INFORMATION:

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires the Corporation to sign this Contractor Acknowledgement and Confidentiality Agreement.

CONTRACTOR ACKNOWLEDGEMENT:

Contractor understands and agrees that the Contractor employees, consultants, Outsourced Vendors and independent contractors (Contractor's Staff) that will provide services in the above referenced agreement are Contractor's sole responsibility. Contractor understands and agrees that Contractor's Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor's Staff's performance of work under the above-referenced contract.

Contractor understands and agrees that Contractor's Staff are not employees of the County of Los Angeles for any purpose whatsoever and that Contractor's Staff do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. Contractor understands and agrees that Contractor's Staff will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

CONFIDENTIALITY AGREEMENT:

Contractor and Contractor's Staff may be involved with work pertaining to services provided by the County of Los Angeles and, if so, Contractor and Contractor's Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, Contractor and Contractor's Staff may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. Contractor and Contractor's Staff understand that if they are involved in County work, the County must ensure that Contractor and Contractor's Staff, will protect the confidentiality of such data and information. Consequently, Contractor must sign this Confidentiality Agreement as a condition of work to be provided by Contractor's Staff for the County.

Contractor and Contractor's Staff hereby agrees that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between Contractor and the County of Los Angeles. Contractor and Contractor's Staff agree to forward all requests for the release of any data or information received to County's Project Manager.

Contractor and Contractor's Staff agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to Contractor and Contractor's Staff under the above-referenced contract. Contractor and Contractor's Staff agree to protect these confidential materials against disclosure to other than Contractor or County employees who have a need to know the information. Contractor and Contractor's Staff agree that if proprietary information supplied by other County vendors is provided to me during this employment, Contractor and Contractor's Staff shall keep such information confidential.

Contractor and Contractor's Staff agree to report any and all violations of this agreement by Contractor and Contractor's Staff and/or by any other person of whom Contractor and Contractor's Staff become aware.

Contractor and Contractor's Staff acknowledge that violation of this agreement may subject Contractor and Contractor's Staff to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: Michael Shook DATE: 10 / 30 / 2023

PRINTED NAME: Michael Shook

POSITION: Senior Vice President

CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

Contractor Name Sedgwick Claims Management Services, Inc. Contract No. 78290

Employee Name _____

GENERAL INFORMATION:

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement and Confidentiality Agreement.

EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I shall keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

SIGNATURE: _____

DATE: ____/____/____

Type text here

PRINTED NAME: _____

POSITION: _____

CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

Contractor Name Sedgwick Claims Management Services, Inc. Contract No. 78290

Non-Employee Name _____

GENERAL INFORMATION:

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Non-Employee Acknowledgement and Confidentiality Agreement.

NON-EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above has exclusive control for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon the Contractor referenced above for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by the above-referenced Contractor for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between the above-referenced Contractor and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to the above-referenced Contractor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information, and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than the above-referenced Contractor or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me, I shall keep such information confidential.

I agree to report to the above-referenced Contractor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to the above-referenced Contractor upon completion of this contract or termination of my services hereunder, whichever occurs first.

SIGNATURE: _____

DATE: ____/____/____

PRINTED NAME: _____

POSITION: _____

THERE'S A BETTER CHOICE. SAFELY SURRENDER YOUR BABY.

Any fire station. Any hospital. Any time.

1.877.222.9723



BabySafeLA.org

No shame | No blame | No names



Some parents of newborns can find themselves in difficult circumstances. Sadly, babies are sometimes harmed or abandoned by parents who feel that they're not ready or able to raise a child. Many of these mothers or fathers are afraid and don't know where to turn for help.

This is why California has a Safely Surrendered Baby Law, which gives parents the choice to legally leave their baby at any hospital or fire station in Los Angeles County.

FIVE THINGS YOU NEED TO KNOW ABOUT BABY SAFE SURRENDER

- 1 Your newborn can be surrendered at any hospital or fire station in Los Angeles County up to 72 hours after birth.
- 2 You must leave your newborn with a fire station or hospital employee.
- 3 You don't have to provide your name.
- 4 You will only be asked to voluntarily provide a medical history.
- 5 You have 14 days to change your mind; a matching bracelet (parent) and anklet (baby) are provided to assist you if you change your mind.

No shame | No blame | No names



ABOUT THE BABY SAFE SURRENDER PROGRAM

In 2002, a task force was created under the guidance of the Children's Planning Council to address newborn abandonment and to develop a strategic plan to prevent this tragedy.

Los Angeles County has worked hard to ensure that the Safely Surrendered Baby Law prevents babies from being abandoned. We're happy to report that this law is doing exactly what it was designed to do: save the lives of innocent babies. Visit BabySafeLA.org to learn more.

No shame | No blame | No names

ANY FIRE STATION.
ANY HOSPITAL.
ANY TIME.

1.877.222.9723
BabySafeLA.org

THERE'S A
BETTER CHOICE.
SAFELY SURRENDER
YOUR BABY.



No shame | No blame | No names





FROM SURRENDER TO ADOPTION: ONE BABY'S STORY

Los Angeles County firefighter Ted and his wife Becki were already parents to two boys. But when they got the call asking if they would be willing to care for a premature baby girl who'd been safely surrendered at a local hospital, they didn't hesitate.

Baby Jenna was tiny, but Ted and Becki felt lucky to be able to take her home. "We had always wanted to adopt," Ted says, "but taking

home a vulnerable safely surrendered baby was even better. She had no one, but now she had us. And, more importantly, we had her."

Baby Jenna has filled the longing Ted and Becki had for a daughter—and a sister for their boys. Because her birth parent safely surrendered her when she was born, Jenna is a thriving young girl growing up in a stable and loving family.

ANSWERS TO YOUR QUESTIONS

Who is legally allowed to surrender the baby?

Anyone with lawful custody can drop off a newborn within the first 72 hours of birth.

Do you need to call ahead before surrendering a baby?

No. A newborn can be surrendered anytime, 24 hours a day, 7 days a week, as long as the parent or guardian surrenders the child to an employee of the hospital or fire station.

What information needs to be provided?

The surrendering adult will be asked to fill out a medical history form, which is useful in caring for the child. The form can be returned later and includes a stamped return envelope. No names are required.

What happens to the baby?

After a complete medical exam, the baby will be released and placed in a safe and loving home, and the adoption process will begin.

What happens to the parent or surrendering adult?

Nothing. They may leave at any time after surrendering the baby.

How can a parent get a baby back?

Parents who change their minds can begin the process of reclaiming their baby within 14 days by calling the Los Angeles County Department of Children and Family Services at (800) 540-4000.

If you're unsure of what to do:

You can call the hotline 24 hours a day, 7 days a week and anonymously speak with a counselor about your options or have your questions answered.

1.877.222.9723 or BabySafeLA.org

English, Spanish and 140 other languages spoken.

INFORMATION SECURITY AND PRIVACY REQUIREMENTS EXHIBIT

The County of Los Angeles ("County") is committed to safeguarding the Integrity of the County systems, Data, Information and protecting the privacy rights of the individuals that it serves. This Information Security and Privacy Requirements Exhibit ("Exhibit") sets forth the County and the Contractor's commitment and agreement to fulfill each of their obligations under applicable state or federal laws, rules, or regulations, as well as applicable industry standards concerning privacy, Data protections, Information Security, Confidentiality, Availability, and Integrity of such Information. The Information Security and privacy requirements and procedures in this Exhibit are to be established by the Contractor before the Effective Date of the Contract and maintained throughout the term of the Contract.

These requirements and procedures are a minimum standard and are in addition to the requirements of the underlying base agreement between the County and Contractor (the "Contract") and any other agreements between the parties. However, it is the Contractor's sole obligation to: (i) implement appropriate and reasonable measures to secure and protect its systems and all County Information against internal and external Threats and Risks; and (ii) continuously review and revise those measures to address ongoing Threats and Risks. Failure to comply with the minimum requirements and procedures set forth in this Exhibit will constitute a material, non-curable breach of Contract by the Contractor, entitling the County, in addition to the cumulative of all other remedies available to it at law, in equity, or under the Contract, to immediately terminate the Contract. To the extent there are conflicts between this Exhibit and the Contract, this Exhibit shall prevail unless stated otherwise.

1. DEFINITIONS

Unless otherwise defined in the Contract, the definitions herein contained are specific to the uses within this exhibit.

- a. **Availability:** the condition of Information being accessible and usable upon demand by an authorized entity (Workforce Member or process).
- b. **Confidentiality:** the condition that Information is not disclosed to system entities (users, processes, devices) unless they have been authorized to access the Information.
- c. **County Information:** all Data and Information belonging to the County.
- d. **Data:** a subset of Information comprised of qualitative or quantitative values.
- e. **Incident:** a suspected, attempted, successful, or imminent Threat of unauthorized electronic and/or physical access, use, disclosure, breach, modification, or destruction of information; interference with Information Technology operations; or significant violation of County policy.
- f. **Information:** any communication or representation of knowledge or understanding such as facts, Data, or opinions in any medium or form, including electronic, textual, numerical, graphic, cartographic, narrative, or audiovisual.
- g. **Information Security Policy:** high level statements of intention and direction of an organization used to create an organization's Information Security Program as formally expressed by its top management.

- h. **Information Security Program:** formalized and implemented Information Security Policies, standards and procedures that are documented describing the program management safeguards and common controls in place or those planned for meeting the County's information security requirements.
- i. **Information Technology:** any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of Data or Information.
- j. **Integrity:** the condition whereby Data or Information has not been improperly modified or destroyed and authenticity of the Data or Information can be ensured.
- k. **Mobile Device Management (MDM):** software that allows Information Technology administrators to control, secure, and enforce policies on smartphones, tablets, and other endpoints.
- l. **Privacy Policy:** high level statements of intention and direction of an organization used to create an organization's Privacy Program as formally expressed by its top management.
- m. **Privacy Program:** A formal document that provides an overview of an organization's privacy program, including a description of the structure of the privacy program, the resources dedicated to the privacy program, the role of the organization's privacy official and other staff, the strategic goals and objectives of the Privacy Program, and the program management controls and common controls in place or planned for meeting applicable privacy requirements and managing privacy risks.
- n. **Risk:** a measure of the extent to which the County is threatened by a potential circumstance or event, Risk is typically a function of: (i) the adverse impacts that would arise if the circumstance or event occurs; and (ii) the likelihood of occurrence.
- o. **Threat:** any circumstance or event with the potential to adversely impact County operations (including mission, functions, image, or reputation), organizational assets, individuals, or other organizations through an Information System via unauthorized access, destruction, disclosure, modification of Information, and/or denial of service.
- p. **Vulnerability:** a weakness in a system, application, network or process that is subject to exploitation or misuse.
- q. **Workforce Member:** employees, volunteers, and other persons whose conduct, in the performance of work for Los Angeles County, is under the direct control of Los Angeles County, whether or not they are paid by Los Angeles County. This includes, but may not be limited to, full and part time elected or appointed officials, employees, affiliates, associates, students, volunteers, and staff from third party entities who provide service to the County.

2. INFORMATION SECURITY AND PRIVACY PROGRAMS

- a. **Information Security Program.** The Contractor shall maintain a company-wide Information Security Program designed to evaluate Risks to the Confidentiality, Availability, and Integrity of the County Information covered under this Contract.

Contractor's Information Security Program shall include the creation and maintenance of Information Security Policies, standards, and procedures. Information Security Policies, standards, and procedures will be communicated to all Contractor employees in a relevant, accessible, and understandable form and will be regularly reviewed and evaluated to ensure

operational effectiveness, compliance with all applicable laws and regulations, and addresses new and emerging Threats and Risks.

The Contractor shall exercise the same degree of care in safeguarding and protecting County Information that the Contractor exercises with respect to its own Information and Data, but in no event less than a reasonable degree of care. The Contractor will implement, maintain, and use appropriate administrative, technical, and physical security measures to preserve the Confidentiality, Integrity, and Availability of County Information.

The Contractor's Information Security Program shall:

- Protect the Confidentiality, Integrity, and Availability of County Information in the Contractor's possession or control;
- Protect against any anticipated Threats or hazards to the Confidentiality, Integrity, and Availability of County Information;
- Protect against unauthorized or unlawful access, use, disclosure, alteration, or destruction of County Information;
- Protect against accidental loss or destruction of, or damage to, County Information; and
- Safeguard County Information in compliance with any applicable laws and regulations which apply to the Contractor.

- b. **Privacy Program.** The Contractor shall establish and maintain a company-wide Privacy Program designed to incorporate Privacy Policies and practices in its business operations to provide safeguards for Information, including County Information. The Contractor's Privacy Program shall include the development of, and ongoing reviews and updates to Privacy Policies, guidelines, procedures and appropriate workforce privacy training within its organization. These Privacy Policies, guidelines, procedures, and appropriate training will be provided to all Contractor employees, agents, and volunteers. The Contractor's Privacy Policies, guidelines, and procedures shall be continuously reviewed and updated for effectiveness and compliance with applicable laws and regulations, and to appropriately respond to new and emerging Threats and Risks. The Contractor's Privacy Program shall perform ongoing monitoring and audits of operations to identify and mitigate privacy Threats.

The Contractor shall exercise the same degree of care in safeguarding the privacy of County Information that the Contractor exercises with respect to its own Information, but in no event less than a reasonable degree of care. The Contractor will implement, maintain, and use appropriate privacy practices and protocols to preserve the Confidentiality of County Information.

The Contractor's Privacy Program shall include:

- A Privacy Program framework that identifies and ensures that the Contractor complies with all applicable laws and regulations;
- External Privacy Policies, and internal privacy policies, procedures and controls to support the privacy program;
- Protections against unauthorized or unlawful access, use, disclosure, alteration, or destruction of County Information;

- A training program that covers Privacy Policies, protocols and awareness;
- A response plan to address privacy Incidents and privacy breaches; and
- Ongoing privacy assessments and audits.

3. PROPERTY RIGHTS TO COUNTY INFORMATION

All County Information is deemed property of the County, and the County shall retain exclusive rights and ownership thereto. County Information shall not be used by the Contractor for any purpose other than as required under this Contract, nor shall such or any part of such be disclosed, sold, assigned, leased, or otherwise disposed of, to third parties by the Contractor, or commercially exploited or otherwise used by, or on behalf of, the Contractor, its officers, directors, employees, or agents. The Contractor may assert no lien on or right to withhold from the County, any County Information it receives from, receives addressed to, or stores on behalf of, the County. Notwithstanding the foregoing, the Contractor may aggregate, compile, and use County Information in order to improve, develop or enhance the System Software and/or other services offered, or to be offered, by the Contractor, provided that (i) no County Information in such aggregated or compiled pool is identifiable as originating from, or can be traced back to the County, and (ii) such Data or Information cannot be associated or matched with the identity of an individual alone, or linkable to a specific individual. The Contractor specifically consents to the County's access to such County Information held, stored, or maintained on any and all devices Contractor owns, leases or possesses.

4. CONTRACTOR'S USE OF COUNTY INFORMATION

The Contractor may use County Information only as necessary to carry out its obligations under this Contract. The Contractor shall collect, maintain, or use County Information only for the purposes specified in the Contract and, in all cases, in compliance with all applicable local, state, and federal laws and regulations governing the collection, maintenance, transmission, dissemination, storage, use, and destruction of County Information, including, but not limited to, (i) any state and federal law governing the protection of personal Information, (ii) any state and federal security breach notification laws, and (iii) the rules, regulations and directives of the Federal Trade Commission, as amended from time to time.

5. SHARING COUNTY INFORMATION AND DATA

The Contractor shall not share, release, disclose, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, County Information to a third party for monetary or other valuable consideration.

6. CONFIDENTIALITY

- a. Confidentiality of County Information.** The Contractor agrees that all County Information is Confidential and proprietary to the County regardless of whether such Information was disclosed intentionally or unintentionally, or marked as "confidential".
- b. Disclosure of County Information.** The Contractor may disclose County Information only as necessary to carry out its obligations under this Contract, or as required by law, and is prohibited from using County Information for any other purpose without the prior express written approval of the County's contract administrator in consultation with the County's Chief Information Security Officer and/or Chief Privacy Officer. If required by a court of competent jurisdiction or an administrative body to disclose County Information, the Contractor shall notify the County's

contract administrator immediately and prior to any such disclosure, to provide the County an opportunity to oppose or otherwise respond to such disclosure, unless prohibited by law from doing so.

- c. **Disclosure Restrictions of Non-Public Information.** While performing work under the Contract, the Contractor may encounter County Non-public Information ("NPI") in the course of performing this Contract, including, but not limited to, licensed technology, drawings, schematics, manuals, sealed court records, and other materials described and/or identified as "Internal Use", "Confidential" or "Restricted" as defined in [Board of Supervisors Policy 6.104 – Information Classification Policy](#) as NPI. The Contractor shall not disclose or publish any County NPI and material received or used in performance of this Contract. This obligation is perpetual.
- d. **Individual Requests.** The Contractor shall acknowledge any request or instructions from the County regarding the exercise of any individual's privacy rights provided under applicable federal or state laws. The Contractor shall have in place appropriate policies and procedures to promptly respond to such requests and comply with any request or instructions from the County within seven (7) calendar days. If an individual makes a request directly to the Contractor involving County Information, the Contractor shall notify the County within five (5) calendar days and the County will coordinate an appropriate response, which may include instructing the Contractor to assist in fulfilling the request. Similarly, if the Contractor receives a privacy or security complaint from an individual regarding County Information, the Contractor shall notify the County as described in Section 14 SECURITY AND PRIVACY INCIDENTS, and the County will coordinate an appropriate response.
- e. **Retention of County Information.** The Contractor shall not retain any County Information for any period longer than necessary for the Contractor to fulfill its obligations under the Contract and applicable law, whichever is longest.

7. CONTRACTOR EMPLOYEES

The Contractor shall perform background and security investigation procedures in the manner prescribed in the Contract, Paragraph 7.5 (Background and Security Investigations).

The Contractor shall require all employees, agents, and volunteers to abide by the requirements in this Exhibit, as set forth in the Contract, and sign an appropriate written Confidentiality/non-disclosure agreement with the Contractor.

The Contractor shall supply each of its employees with appropriate, annual training regarding Information Security procedures, Risks, and Threats. The Contractor agrees that training will cover, but may not be limited to the following topics:

- a) **Secure Authentication:** The importance of utilizing secure authentication, including proper management of authentication credentials (login name and password) and multi-factor authentication.
- b) **Social Engineering Attacks:** Identifying different forms of social engineering including, but not limited to, phishing, phone scams, and impersonation calls.
- c) **Handling of County Information:** The proper identification, storage, transfer, archiving, and destruction of County Information.

- d) **Causes of Unintentional Information Exposure:** Provide awareness of causes of unintentional exposure of Information such as lost mobile devices, emailing Information to inappropriate recipients, etc.
- e) **Identifying and Reporting Incidents:** Awareness of the most common indicators of an Incident and how such indicators should be reported within the organization.
- f) **Privacy:** The Contractor's Privacy Policies and procedures as described in Section 2b. Privacy Program.

The Contractor shall have an established set of procedures to ensure the Contractor's employees promptly report actual and/or suspected breaches of security.

8. SUBCONTRACTORS AND THIRD PARTIES

The County acknowledges that in the course of performing its services, the Contractor may desire or require the use of goods, services, and/or assistance of Subcontractors or other third parties or suppliers. The terms of this Exhibit shall also apply to all Subcontractors and third parties. The Contractor or third party shall be subject to the following terms and conditions: (i) each Subcontractor and third party must agree in writing to comply with and be bound by the applicable terms and conditions of this Exhibit, both for itself and to enable the Contractor to be and remain in compliance with its obligations hereunder, including those provisions relating to Confidentiality, Integrity, Availability, disclosures, security, and such other terms and conditions as may be reasonably necessary to effectuate the Contract including this Exhibit; and (ii) the Contractor shall be and remain fully liable for the acts and omissions of each Subcontractor and third party, and fully responsible for the due and proper performance of all Contractor obligations under this Contract.

The Contractor shall obtain advanced approval from the County's Chief Information Security Officer and/or Chief Privacy Officer prior to subcontracting services subject to this Exhibit.

9. STORAGE AND TRANSMISSION OF COUNTY INFORMATION

All County Information shall be rendered unusable, unreadable, or indecipherable to unauthorized individuals. Without limiting the generality of the foregoing, the Contractor will encrypt all workstations, portable devices (such as mobile, wearables, tablets,) and removable media (such as portable or removable hard disks, floppy disks, USB memory drives, CDs, DVDs, magnetic tape, and all other removable storage media) that store County Information in accordance with Federal Information Processing Standard (FIPS) 140-2 or otherwise approved by the County's Chief Information Security Officer.

The Contractor will encrypt County Information transmitted on networks outside of the Contractor's control with Transport Layer Security (TLS) or Internet Protocol Security (IPSec), at a minimum cipher strength of 128 bit or an equivalent secure transmission protocol or method approved by County's Chief Information Security Officer.

In addition, the Contractor shall not store County Information in the cloud or in any other online storage provider without written authorization from the County's Chief Information Security Officer. All mobile devices storing County Information shall be managed by a Mobile Device Management system. Such system must provide provisions to enforce a password/passcode on enrolled mobile devices. All workstations/Personal Computers (including laptops, 2-in-1s, and tablets) will maintain the latest operating system security patches, and the latest virus definitions. Virus scans must be

performed at least monthly. Request for less frequent scanning must be approved in writing by the County's Chief Information Security Officer.

10. RETURN OR DESTRUCTION OF COUNTY INFORMATION

The Contractor shall return or destroy County Information in the manner prescribed in this section unless the Contract prescribes procedures for returning or destroying County Information and those procedures are no less stringent than the procedures described in this section.

- a. **Return or Destruction.** Upon County's written request, or upon expiration or termination of this Contract for any reason, Contractor shall (i) promptly return or destroy, at the County's option, all originals and copies of all documents and materials it has received containing County Information; or (ii) if return or destruction is not permissible under applicable law, continue to protect such Information in accordance with the terms of this Contract; and (iii) deliver or destroy, at the County's option, all originals and copies of all summaries, records, descriptions, modifications, negatives, drawings, adoptions and other documents or materials, whether in writing or in machine-readable form, prepared by the Contractor, prepared under its direction, or at its request, from the documents and materials referred to in Subsection (i) of this Section. For all documents or materials referred to in Subsections (i) and (ii) of this Section that the County requests be returned to the County, the Contractor shall provide a written attestation on company letterhead certifying that all documents and materials have been delivered to the County. For documents or materials referred to in Subsections (i) and (ii) of this Section that the County requests be destroyed, the Contractor shall provide an attestation on company letterhead and certified documentation from a media destruction firm consistent with subdivision b of this Section. Upon termination or expiration of the Contract or at any time upon the County's request, the Contractor shall return all hardware, if any, provided by the County to the Contractor. The hardware should be physically sealed and returned via a bonded courier, or as otherwise directed by the County.
- b. **Method of Destruction.** The Contractor shall destroy all originals and copies by (i) cross-cut shredding paper, film, or other hard copy media so that the Information cannot be read or otherwise reconstructed; and (ii) purging, or destroying electronic media containing County Information consistent with NIST Special Publication 800-88, "Guidelines for Media Sanitization" such that the County Information cannot be retrieved. The Contractor will provide an attestation on company letterhead and certified documentation from a media destruction firm, detailing the destruction method used and the County Information involved, the date of destruction, and the company or individual who performed the destruction. Such statement will be sent to the designated County contract manager within ten (10) days of termination or expiration of the Contract or at any time upon the County's request. On termination or expiration of this Contract, the County will return or destroy all Contractor's Information marked as confidential (excluding items licensed to the County hereunder, or that provided to the County by the Contractor hereunder), at the County's option.

11. PHYSICAL AND ENVIRONMENTAL SECURITY

All Contractor facilities that process County Information will be located in secure areas and protected by perimeter security such as barrier access controls (e.g., the use of guards and entry badges) that provide a physically secure environment from unauthorized access, damage, and interference.

All Contractor facilities that process County Information will be maintained with physical and environmental controls (temperature and humidity) that meet or exceed hardware manufacturer's specifications.

12. OPERATIONAL MANAGEMENT, BUSINESS CONTINUITY, AND DISASTER RECOVERY

The Contractor shall: (i) monitor and manage all of its Information processing facilities, including, without limitation, implementing operational procedures, change management, and Incident response procedures consistent with Section 14 SECURITY AND PRIVACY INCIDENTS; and (ii) deploy adequate anti-malware software and adequate back-up systems to ensure essential business Information can be promptly recovered in the event of a disaster or media failure; and (iii) ensure its operating procedures are adequately documented and designed to protect Information and computer media from theft and unauthorized access.

The Contractor must have business continuity and disaster recovery plans. These plans must include a geographically separate back-up data center and a formal framework by which an unplanned event will be managed to minimize the loss of County Information and services. The formal framework includes a defined back-up policy and associated procedures, including documented policies and procedures designed to: (i) perform back-up of data to a remote back-up data center in a scheduled and timely manner; (ii) provide effective controls to safeguard backed-up data; (iii) securely transfer County Information to and from back-up location; (iv) fully restore applications and operating systems; and (v) demonstrate periodic testing of restoration from back-up location. If the Contractor makes backups to removable media (as described in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION), all such backups shall be encrypted in compliance with the encryption requirements noted above in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION.

13. ACCESS CONTROL

Subject to and without limiting the requirements under Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION, County Information (i) may only be made available and accessible to those parties explicitly authorized under the Contract or otherwise expressly approved by the County Project Director or Project Manager in writing; and (ii) if transferred using removable media (as described in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION) must be sent via a bonded courier and protected using encryption technology designated by the Contractor and approved by the County's Chief Information Security Officer in writing. The foregoing requirements shall apply to back-up media stored by the Contractor at off-site facilities.

The Contractor shall implement formal procedures to control access to County systems, services, and/or Information, including, but not limited to, user account management procedures and the following controls:

- a. Network access to both internal and external networked services shall be controlled, including, but not limited to, the use of industry standard and properly configured firewalls;
- b. Operating systems will be used to enforce access controls to computer resources including, but not limited to, multi-factor authentication, use of virtual private networks (VPN), authorization, and event logging;

- c. The Contractor will conduct regular, no less often than semi-annually, user access reviews to ensure that unnecessary and/or unused access to County Information is removed in a timely manner;
- d. Applications will include access control to limit user access to County Information and application system functions;
- e. All systems will be monitored to detect deviation from access control policies and identify suspicious activity. The Contractor shall record, review and act upon all events in accordance with Incident response policies set forth in Section 14 SECURITY AND PRIVACY INCIDENTS; and
- f. In the event any hardware, storage media, or removable media (as described in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION) must be disposed of or sent off-site for servicing, the Contractor shall ensure all County Information, has been eradicated from such hardware and/or media using industry best practices as discussed in Section 9 STORAGE AND TRANSMISSION OF COUNTY INFORMATION.

14. SECURITY AND PRIVACY INCIDENTS

In the event of a Security or Privacy Incident, the Contractor shall:

- a. Promptly notify the County's Chief Information Security Officer, the Departmental Information Security Officer, and the County's Chief Privacy Officer of any Incidents involving County Information, within twenty-four (24) hours of detection of the Incident. All notifications shall be submitted via encrypted email and telephone.

County Chief Information Security Officer and Chief Privacy Officer email

CISO-CPO_Notify@lacounty.gov

Chief Information Security Officer:

Ralph Johnson
Chief Information Security Officer
320 W Temple, 7th Floor
Los Angeles, CA 90012
(213) 253-5600

Chief Privacy Officer:

Lillian Russell
Chief Privacy Officer
320 W Temple, 7th Floor
Los Angeles, CA 90012
(213) 351-5363

Departmental Information Security Officer:

Jeremy Keller
Departmental Information Security Officer

510 S. Vermont Avenue
Los Angeles, CA 90020
(213) 447-3999
jkeller@hr.lacounty.gov

- b. Include the following Information in all notices:

- i. The date and time of discovery of the Incident,
 - ii. The approximate date and time of the Incident,
 - iii. A description of the type of County Information involved in the reported Incident, and
 - iv. A summary of the relevant facts, including a description of measures being taken to respond to and remediate the Incident, and any planned corrective actions as they are identified.
 - v. The name and contact information for the organizations official representative(s), with relevant business and technical information relating to the incident.
- c. Cooperate with the County to investigate the Incident and seek to identify the specific County Information involved in the Incident upon the County's written request, without charge, unless the Incident was caused by the acts or omissions of the County. As Information about the Incident is collected or otherwise becomes available to the Contractor, and unless prohibited by law, the Contractor shall provide Information regarding the nature and consequences of the Incident that are reasonably requested by the County to allow the County to notify affected individuals, government agencies, and/or credit bureaus.
- d. Immediately initiate the appropriate portions of their Business Continuity and/or Disaster Recovery plans in the event of an Incident causing an interference with Information Technology operations.
- e. Assist and cooperate with forensic investigators, the County, law firms, and and/or law enforcement agencies at the direction of the County to help determine the nature, extent, and source of any Incident, and reasonably assist and cooperate with the County on any additional disclosures that the County is required to make as a result of the Incident.
- f. Allow the County or its third-party designee at the County's election to perform audits and tests of the Contractor's environment that may include, but are not limited to, interviews of relevant employees, review of documentation, or technical inspection of systems, as they relate to the receipt, maintenance, use, retention, and authorized destruction of County Information.

Notwithstanding any other provisions in this Contract and Exhibit, The Contractor shall be (i) liable for all damages and fines, (ii) responsible for all corrective action, and (iii) responsible for all notifications arising from an Incident involving County Information caused by the Contractor's weaknesses, negligence, errors, or lack of Information Security or privacy controls or provisions.

15. NON-EXCLUSIVE EQUITABLE REMEDY

The Contractor acknowledges and agrees that due to the unique nature of County Information there can be no adequate remedy at law for any breach of its obligations hereunder, that any such breach may result in irreparable harm to the County, and therefore, that upon any such breach, the County will be entitled to appropriate equitable remedies, and may seek injunctive relief from a court of competent jurisdiction without the necessity of proving actual loss, in addition to whatever remedies are available within law or equity. Any breach of Section 6 CONFIDENTIALITY shall constitute a material breach of this Contract and be grounds for immediate termination of this Contract in the exclusive discretion of the County.

16. AUDIT AND INSPECTION

- a. **Self-Audits.** The Contractor shall periodically conduct audits, assessments, testing of the system of controls, and testing of Information Security and privacy procedures, including

penetration testing, intrusion detection, and firewall configuration reviews. These periodic audits will be conducted by staff certified to perform the specific audit in question at Contractor's sole cost and expense through either (i) an internal independent audit function, (ii) a nationally recognized, external, independent auditor, or (iii) another independent auditor approved by the County.

The Contractor shall have a process for correcting control deficiencies that have been identified in the periodic audit, including follow up documentation providing evidence of such corrections. The Contractor shall provide the audit results and any corrective action documentation to the County promptly upon its completion at the County's request. With respect to any other report, certification, or audit or test results prepared or received by the Contractor that contains any County Information, the Contractor shall promptly provide the County with copies of the same upon the County's reasonable request, including identification of any failure or exception in the Contractor's Information systems, products, and services, and the corresponding steps taken by the Contractor to mitigate such failure or exception. Any reports and related materials provided to the County pursuant to this Section shall be provided at no additional charge to the County.

- b. **County Requested Audits.** At its own expense, the County, or an independent third-party auditor commissioned by the County, shall have the right to audit the Contractor's infrastructure, security and privacy practices, Data center, services and/or systems storing or processing County Information via an onsite inspection at least once a year. Upon the County's request the Contractor shall complete a questionnaire regarding Contractor's Information Security and/or program. The County shall pay for the County requested audit unless the auditor finds that the Contractor has materially breached this Exhibit, in which case the Contractor shall bear all costs of the audit; and if the audit reveals material non-compliance with this Exhibit, the County may exercise its termination rights underneath the Contract.

Such audit shall be conducted during the Contractor's normal business hours with reasonable advance notice, in a manner that does not materially disrupt or otherwise unreasonably and adversely affect the Contractor's normal business operations. The County's request for the audit will specify the scope and areas (e.g., Administrative, Physical, and Technical) that are subject to the audit and may include, but are not limited to physical controls inspection, process reviews, policy reviews, evidence of external and internal Vulnerability scans, penetration test results, evidence of code reviews, and evidence of system configuration and audit log reviews. It is understood that the results may be filtered to remove the specific Information of other Contractor customers such as IP address, server names, etc. The Contractor shall cooperate with the County in the development of the scope and methodology for the audit, and the timing and implementation of the audit. This right of access shall extend to any regulators with oversight of the County. The Contractor agrees to comply with all reasonable recommendations that result from such inspections, tests, and audits within reasonable timeframes.

When not prohibited by regulation, the Contractor will provide to the County a summary of: (i) the results of any security audits, security reviews, or other relevant audits, conducted by the Contractor or a third party; and (ii) corrective actions or modifications, if any, the Contractor will implement in response to such audits.

17. CYBER LIABILITY INSURANCE

See the Contract at Sub-paragraph 8.25.4 (Unique Insurance Coverage), Cyber Liability Insurance.

18. PRIVACY AND SECURITY INDEMNIFICATION

In addition to the indemnification provisions in the Contract, the Contractor agrees to indemnify, defend, and hold harmless the County, its Special Districts, elected and appointed officers, agents, employees, and volunteers from and against any and all claims, demands liabilities, damages, judgments, awards, losses, costs, expenses or fees including reasonable attorneys' fees, accounting and other expert, consulting or professional fees, and amounts paid in any settlement arising from, connected with, or relating to:

- The Contractor's violation of any federal and state laws in connection with its accessing, collecting, processing, storing, disclosing, or otherwise using County Information;
- The Contractor's failure to perform or comply with any terms and conditions of this Contract or related agreements with the County; and/or,
- Any Information loss, breach of Confidentiality, or Incident involving any County Information that occurs on the Contractor's systems or networks (including all costs and expenses incurred by the County to remedy the effects of such loss, breach of Confidentiality, or Incident, which may include (i) providing appropriate notice to individuals and governmental authorities, (ii) responding to individuals' and governmental authorities' inquiries, (iii) providing credit monitoring to individuals, and (iv) conducting litigation and settlements with individuals and governmental authorities).

Notwithstanding the preceding sentences, the County shall have the right to participate in any such defense at its sole cost and expense, except that in the event contractor fails to provide County with a full and adequate defense, as determined by County in its sole judgment, County shall be entitled to retain its own counsel, including, without limitation, County Counsel, and to reimbursement from contractor for all such costs and expenses incurred by County in doing so. Contractor shall not have the right to enter into any settlement, agree to any injunction or other equitable relief, or make any admission, in each case, on behalf of County without County's prior written approval.

ADDENDUM A: SOFTWARE AS A SERVICE (SaaS)

- a. **License:** Subject to the terms and conditions set forth in this Contract, including payment of the license fees by to the Contractor, the Contractor hereby grants to County a non-exclusive, non-transferable worldwide County license to use the SaaS, as well as any documentation and training materials, during the term of this Contract to enable the County to use the full benefits of the SaaS and achieve the purposes stated herein.
- b. **Business Continuity:** In the event that the Contractor's infrastructure containing or processing County Information becomes lost, altered, damaged, interrupted, destroyed, or otherwise limited in functionality in a way that affects the County's use of the SaaS, The Contractor shall immediately and within twenty-four (24) hours implement the Contractor's Business Continuity Plan, consistent with Section 12 OPERATIONAL MANAGEMENT, BUSINESS CONTINUITY, AND DISASTER RECOVERY, such that the Contractor can continue to provide full functionality of the SaaS as described in the Contract.

The Contractor will indemnify the County for any claims, losses, or damages arising out of the County's inability to use the SaaS consistent with the Contract and Section 18 PRIVACY AND SECURITY INDEMNIFICATION.

The Contractor shall include in its Business Continuity Plan service offering, a means for segmenting and distributing IT infrastructure, disaster recovery and mirrored critical system, among any other measures reasonably necessary to ensure business continuity and provision of the SaaS.

In the event that the SaaS is interrupted, the County Information may be accessed and retrieved within two (2) hours at any point in time. To the extent the Contractor hosts County Information related to the SaaS, the Contractor shall create daily backups of all County Information related to the County's use of the SaaS in a segmented or off-site "hardened" environment in a manner that ensures backups are secure consistent with cybersecurity requirements described in this Contract and available when needed.

- c. **Enhancements:** Upgrades, replacements and new versions: The Contractor agrees to provide to County, at no cost, prior to, and during installation and implementation of the SaaS any software/firmware enhancements, upgrades, and replacements which the Contractor initiates or generates that are within the scope of the SaaS and that are made available at no charge to the Contractor's other customers.

During the term of this Contract, the Contractor shall promptly notify the County of any available updates, enhancements or newer versions of the SaaS and within thirty (30) Days update or provide the new version to the County. The Contractor shall provide any accompanying documentation in the form of new or revised documentation necessary to enable the County to understand and use the enhanced, updated, or replaced SaaS.

During the Contract term, the Contractor shall not delete or disable a feature or functionality of the SaaS unless the Contractor provides sixty (60) Days advance notice and the County provides written consent to delete or disable the feature or functionality. Should there be a replacement feature or functionality, the County shall have the sole discretion whether to accept such replacement. The replacement shall be at no additional cost to the County. If the Contractor fails to abide by the obligations in this section, the County reserves the right to terminate the Contract for material breach and receive a pro-rated refund.

- d. **Location of County Information:** The Contractor warrants and represents that it shall store and process County Information only in the continental United States and that at no time will County Data traverse the borders of the continental United States in an unencrypted manner.
- e. **Audit and Certification:** The Contractor agrees to conduct an annual System and Organization Controls (SOC 2 type II) audit or equivalent (i.e. The International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) 27001:2013 certification audit or Health Information Trust Alliance (HITRUST) Common Security Framework certification audit) of its internal controls for security, availability, integrity, confidentiality, and privacy. The Contractor shall have a process for correcting control deficiencies that have been identified in the audit, including follow up documentation providing evidence of such corrections. The results of the audit and the Contractor's plan for addressing or resolving the audit findings shall be shared with County's Chief Information Security Officer within ten (10) business days of the Contractor's receipt of the audit results. The Contractor agrees to provide County with the current audit certifications upon request.
- f. **Services Provided by a Subcontractor:** Prior to the use of any Subcontractor for the SaaS under this Contract, the Contractor shall notify County of the proposed subcontractor(s) and the purposes for which they may be engaged at least thirty (30) Days prior to engaging the Subcontractor and obtain written consent of the County's Contract Administrator.
- g. **Information Import Requirements at Termination:** Within one (1) Day of notification of termination of this Contract, the Contractor shall provide County with a complete, portable, and secure copy of all County Information, including all schema and transformation definitions and/or delimited text files with documented, detailed schema definitions along with attachments in a format to be determined by County upon termination.
- h. **Termination Assistance Services:** During the ninety (90) Day period prior to, and/or following the expiration or termination of this Contract, in whole or in part, the Contractor agrees to provide reasonable termination assistance services at no additional cost to County, which may include:
 - i. Developing a plan for the orderly transition of the terminated or expired SaaS from the Contractor to a successor;
 - ii. Providing reasonable training to County staff or a successor in the performance of the SaaS being performed by the Contractor;
 - iii. Using its best efforts to assist and make available to the County any third-party services then being used by the Contractor in connection with the SaaS; and
 - iv. Such other activities upon which the Parties may reasonably agree.

ATTACHMENT B

PRICING SCHEDULE¹

SHORT-TERM DISABILITY, LONG-TERM DISABILITY AND SURVIVOR BENEFIT CLAIMS ADMINISTRATION SERVICES

		Initial Term					Optional Extended Terms ²					
		Transition Period	Initial Term Monthly Costs				Optional Extended Terms Monthly Costs					
<u>Program</u>	<u>Cost Frequency</u>	December 5, 2023 - December 31, 2023	Contract Year 1 (2024)	Contract Year 2 (2025)	Contract Year 3 (2026)	<u>Initial Term Total</u>	Contract Year 4 (2027)	Contract Year 5 (2028)	Contract Year 6 (2029)	<u>Extension Terms Total</u>	<u>Contract Cost</u>	
STD	Monthly	\$ 0.00	\$ 20,724	\$ 21,138	\$ 21,561	\$ 761,085	\$ 21,993	\$ 21,993	\$ 21,993	\$ 791,748	\$ 1,552,833	
LTD	Monthly	\$ 0.00	\$ 140,544	\$ 143,355	\$ 146,222	\$ 5,161,450	\$ 149,147	\$ 149,147	\$ 149,147	\$ 5,369,292	\$ 10,530,742	
SB	Monthly	\$ 0.00	\$ 9,290	\$ 9,476	\$ 9,665	\$ 341,173	\$ 9,859	\$ 9,859	\$ 9,859	\$ 354,924	\$ 696,097	
	Total Monthly Cost for STD, LTD & SB Programs:											
		\$ 0.00	\$ 170,558	\$ 173,969	\$ 177,449		\$ 180,999	\$ 180,999	\$ 180,999			
											Total Contract Cost for STD, LTD & SB Programs	
	Total Annual Cost for STD, LTD & SB Programs:	\$ 0.00	\$ 2,046,696	\$ 2,087,630	\$ 2,129,383	\$ 6,263,708	\$ 2,171,988	\$ 2,171,988	\$ 2,171,988	\$ 6,515,964	\$ 12,779,672	
TOTAL CONTRACT SUM:											\$ 12,779,672	

¹The Contractor shall perform all services described in the Contract at the pricing set forth in this Exhibit. The Contractor's pricing shall include all costs incurred by the Contractor in handling submitted claims except for services performed by third-party vendors, referred to as "pass-through expenses," as set forth in the Contract, Sub-paragraph 5.2.2.1, that are over \$350 per claim. The Contractor will pay all third-party vendor expenses that are \$350 or less per claim.

²Years 4, 5 and 6 are optional, by mutual agreement of the County and the Contractor.

BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

CLUSTER AGENDA REVIEW DATE	11/15/2023		
BOARD MEETING DATE	12/5/2023		
SUPERVISORIAL DISTRICT AFFECTED	<input type="checkbox"/> All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input checked="" type="checkbox"/> 4 th <input type="checkbox"/> 5 th		
DEPARTMENT(S)	Public Social Services		
SUBJECT	Fifteen-year lease for 207,627 square feet of office space and 915 on-site parking spaces at 1500 Hughes Way, Long Beach		
PROGRAM	South County Regional Office		
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why: N/A		
DEADLINES/ TIME CONSTRAINTS			
COST & FUNDING	Total cost: \$166,930,000	Funding source: The rental costs is already included in DPSS' existing budget. DPSS will not be requesting additional NCC for this action.	
	TERMS (if applicable): The proposed lease will have an annual base rent cost of \$7,225,500 for the first year, where the landlord will be responsible for all operating expenses, including utilities, janitorial, repair and maintenance to the building. The total first year lease cost including Low Voltage items and the County's lump sum TI contribution will be \$35,277,800.		
	Explanation: Future funding for the costs associated with the proposed lease will be addressed through the annual budget process for DPSS.		
PURPOSE OF REQUEST	Approval of the recommended actions will authorize and provide use of office space for DPSS.		
BACKGROUND (include internal/external issues that may exist including any related motions)	The proposed lease is for occupancy at the subject property which will enable the Department to use the space as its South County Regional Office where it will provide direct services for the various DPSS programs and will be considered a "one-stop shop". This proposed new location will consolidate three office locations.		
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"

December 5, 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:

**FIFTEEN-YEAR LEASE USING
COMMERCIAL PAPER NOTES TO FUND TENANT IMPROVEMENTS
1500 HUGHES WAY, LONG BEACH
DEPARTMENT OF PUBLIC SOCIAL SERVICES
(FOURTH DISTRICT) (3 VOTES)**

SUBJECT

Approval of a proposed new 15-year lease for 207,627 square feet of office space and 915 on-site parking spaces at 1500 Hughes Way, Long Beach for the Department of Public Social Services (DPSS) South County Regional Office, and authorization of the issuance of taxable commercial paper notes (Notes) through the Los Angeles County Capital Asset Leasing Corporation Lease Revenue Note Program (Note Program) to provide financing for the tenant improvement (TI) costs.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease is exempt from the California Environmental Quality Act (CEQA) for the reasons stated in this Board letter and in the record of the project.
2. Find that the issuance of Notes through the Note Program to finance TI costs at 1500 Hughes Way, Long Beach (Premises) is not subject to CEQA because this is an activity that is excluded from the definition of a project for the reasons stated in this Board letter and in the record of the project.

3. Authorize the Chief Executive Officer, or her designee, to execute the proposed lease with Omninet Freeway LP, a Delaware limited partnership (Landlord), for approximately 207,627 square feet of office space and 915 on-site parking spaces located at the Premises to be occupied by DPSS. This proposes a lease of more than ten years, to wit, for a term of 15 years. The estimated maximum first year base rental cost is \$7,225,500, with a one-time rent concession of \$250,500 at inception of the proposed lease, will equal \$6,975,000. The estimated total proposed lease cost, including TIs and low-voltage, is \$166,930,000 over the 15-year term. The rental costs will be funded by 80.11 percent State and Federal funds and 19.89 percent by net County cost (NCC) that is already included in DPSS' existing budget. DPSS will not be requesting additional NCC for this action.
4. Authorize the Chief Executive Officer, or her designee, to reimburse the Landlord up to \$23,877,105 for the County's TI contribution, to be paid in lump sum.
5. To finance the County's TI contribution, establish TI Project No. 57333 for the lease at 1500 Hughes Way, Long Beach, CA, 90810.
6. Authorize the issuance of Notes through the Note Program in the amount not to exceed \$23,878,000 for the TI costs.
7. Authorize the Director of DPSS, or her designee, to contract with and direct the Internal Services Department (ISD), in coordination with the Chief Executive Officer, or her designee, for the acquisition and installation of telephone, data, and low-voltage systems and vendor installation (Low-Voltage Items) at a total cost not- to- exceed \$15,130,400 if paid in a lump sum, or \$17,211,000 if amortized over five years at 8 percent interest per annum. The cost for the Low-Voltage Items is in addition to the rental costs and the County's TI contribution payable to the Landlord.
8. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the terms of the proposed lease, and to take actions necessary and appropriate to implement the terms of the proposed lease, including, without limitation, exercising any early termination rights.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DPSS has occupied 17600 Santa Fe Boulevard, Rancho Dominguez (Santa Fe Premises) since 1988. In late 2019, the landlord notified the County of its intent to redevelop and reposition the entire property as industrial use and requested that DPSS vacate the Santa Fe Premises. The County was unable to secure a replacement site and the Santa Fe landlord agreed to extend the term until December 31, 2023. The County continued to search the market for a relocation property. Concurrently, DPSS evaluated its operations for consolidation and identified 2959 Victoria Street, Rancho Dominguez

(Victoria Premises), which lease expires on October 28, 2024, and 9800 South La Cienega Boulevard, Inglewood (La Cienega Premises), which lease expires on March 9, 2025. The Santa Fe Premises, Victoria Premises, and the La Cienega Premises, which total 242,318 square feet, will be relocated to the 207,627 square foot Premises.

The TI work is anticipated to be completed at the Premises approximately January 2025. The Landlords for the Santa Fe Premises and the Victoria Premises have agreed to the proposed lease amendments which were approved under a separate Board letter, thereby allowing DPSS to continue full operations at the current locations for as long as permitted by the Landlords. If necessary, DPSS will provide alternate work locations while utilizing telework as needed until January 2025, while customers are directed to nearby DPSS offices for in person services, including the Compton, South Central, and Southwest Special District offices. Additionally, customers may apply for benefits online and by contacting DPSS' Customer Service Center hotline. The La Cienega Premises will relocate to the Premises upon expiration of its current lease in March 2025. Operations at the La Cienega Premises are not public facing which will allow DPSS to relocate with no impact on services provided.

There are currently 478 staff members at the Santa Fe Premises, 368 staff members at the Victoria Premises and 312 staff members at the La Cienega Premises. The Santa Fe Premises and Victoria Premises provide direct services to the public, including CalWORKs, CalFresh, Medi-Cal, General Relief, Skills and Training to Achieve Readiness for Tomorrow (START), and Greater Avenues for Independence (GAIN) benefits. CalWORKs implements financial assistance to eligible families with children to assist in paying for housing, food, utilities, clothing, medical care, and other necessary expenses. CalFresh furnishes food benefits to low-income individuals and families and provides economic benefits to communities. Medi-Cal offers health care programs and services to residents throughout Los Angeles County. General Relief provides cash aid to indigent adults, and children in certain special circumstances who are ineligible for Federal or State programs. START provides employment and training services to help individuals obtain jobs in the local communities. GAIN provides welfare-to-work case management, job preparation, job training, and employment related services to participants. The La Cienega Premises serves as a Customer Service Center (CSC II). CSC II provides customer service to DPSS program participants via toll-free telephone number. CSC II currently services CalWORKS, Food-Stamps, Medi-Cal, and General Relief programs.

Over half of DPSS' programs require direct interaction with the public. The GAIN and START programs are almost entirely public facing, with approximately 80 percent of services provided in person. Staff members also need to access sensitive and confidential information that is not accessible remotely. DPSS has identified those tasks that can be engaged remotely and have implemented telework wherever possible. Due to operational efficiencies, the Premises meets DPSS' existing space needs and will accommodate growth by 136 positions.

DPSS toured more than 15 properties, to find an acceptable central location that was near the Santa Fe Premises and the Victoria Premises with sufficient parking for staff and the public, and within the DPSS' service area. DPSS recognized that there were no DPSS offices in the southern region of Los Angeles County and this new location will fill this longstanding gap for the Long Beach-Carson areas while continuing to serve the Compton area. The proposed Premises is the most economical option. The location is adequately served by public transportation routes such as bus routes 202 and 192, the Metro A Line, and the 405 and 710 freeways.

DPSS intends to use the Premises as DPSS' South County Regional Office. The South County Regional Office will be considered a "One-Stop Shop," which will enable constituents to go to one centralized location and apply for various programs and determine eligibility of services based on their needs. The customer service center will respond to all inquiries that are received from constituents who may need additional information after applying for aid.

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 – Strengthen connection between service priorities and asset decisions and Key Objective 4 – Guide Strategic Decision-Making.

The proposed lease supports the above goals and objective by providing DPSS with proper accommodations for employees, collaborators, and clients in a facility that is centrally located within their service area to provide quality services to South County constituents.

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

FISCAL IMPACT/FINANCING

The estimated maximum first year base rental cost for the proposed lease is \$7,225,500, but with a one-time rent concession of \$250,500 at inception of the proposed lease, will equal \$6,975,000, which includes parking at no additional cost. The aggregate cost associated with the proposed lease, including TIs, and low-voltage costs, over the entire 15-year term is \$166,930,000 as shown in Enclosure B-1. The proposed lease costs will be funded by 80.11 percent State and Federal funds and 19.89 percent by NCC that is already included in DPSS' existing budget. DPSS will not be requesting additional NCC for this action.

Traditionally, the County borrows the TI dollars from the landlords at interest rates up to 8 percent. The Note Program serves as an alternative funding mechanism to finance the TI costs in place of the TI funding provided by the landlord. For the Premises, the Landlord is not offering to finance the additional TI dollars, and thus the County will be using the Note Program to finance the TIs. For budgetary and planning purposes, the County assumes an interest of 8 percent for the Note Program. However, the interest rate of the Notes will be based on the market conditions at the time of issuance.

The Notes will be issued to fund TI costs after completion of the TI project and reconciliation of project expenditures. After the Landlord is reimbursed for the TIs, DPSS would begin to repay the Note costs, which include principal, interest, administrative fees, and insurance. The Notes will have a final repayment date not to exceed five years from the date of issuance; however, an annual proportional principal repayment is strongly recommended. Annually, the Chief Executive Office (CEO) will coordinate with the tenant department to determine the amount of available cash to repay all or a portion of the outstanding Notes, and incorporate the planned redemptions in the budget no later than May 15th of each year for redemption of the outstanding Notes to be completed by June 30th of each year.

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

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

The TIs for the proposed lease are expected to be completed in Fiscal Year 2024-25. Future funding for the costs associated with the proposed lease will be addressed through the annual budget process for DPSS.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

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

- Base rent is subject to annual increases based on the Consumer Price Index capped at: 2.5 percent for years two through five; the cap will decrease to 2 percent for years six through eight; then to 1.5 percent for years nine and ten and; 1 percent for years 11 through 15 of the lease term.
- The 915 on-site parking spaces are included at no additional cost to the County.
- Total TI costs are expected to be \$36,334,725 of which the Landlord will provide \$12,457,620 (\$60 per square foot) base TI allowance.
- The County will reimburse the Landlord up to \$23,877,105 (\$115 per square foot) as the County's lump sum TI contribution.
- The Landlord will provide a refurbishment allowance of \$4,152,540 (\$20 per square foot) for repairs and refurbishment to the Premises to be used following the 120th month of the proposed lease term.
- The County will pay up to \$15,130,400 for the lump sum cost of the Low-Voltage Items. If DPSS elects to pay in installments, this amount will be amortized over five years with interest at 8 percent for a fully amortized amount not to exceed \$17,211,000.
- The Landlord is responsible for all operating and maintenance costs of the building and all utilities and janitorial costs. The County has no responsibility for any operating and maintenance costs.
- The initial term is 15 years with one option to extend the proposed lease for an additional five years at fair market value. To exercise its option, the County must provide written notice between 12 and 15 months prior to the proposed lease expiration. If the option is exercised, the total term of the proposed lease would be 20 years.
- The County has the right to terminate the proposed lease any time after the 144th month, with 180 days' written notice subject to payment of a termination fee equal to the unamortized balance of the base TI allowance and refurbishment allowance but shall not exceed \$6,486,076.

- Holdover at the proposed lease expiration is permitted on the same proposed lease terms and conditions with no holdover fee following the first six months of the lease expiration. Thereafter, the base rent will increase by 15 percent of the base rent. The Landlord is to credit the County for all holdover fees paid if the County renews the proposed lease.
- The County shall have the Right of First Offer to lease the second or third floors if they become available during the first seven years of the proposed lease term.
- The County, at its own cost and expense, shall have the right to monument signage, exterior building signage, and building top signage.
- The Landlord shall provide building standard signage on the directory located in the lobby of the building and elevator lobbies of the Premises and suite signage at no cost to the County.
- The Landlord shall be responsible for providing security at the building entrances and other common areas.
- The proposed lease will be effective upon approval by the Board and full execution of the proposed lease. The term and rent will commence on the later of substantial completion of the TIs by the Landlord and acceptance of the Premises by the County or the respective date the County moves out of its existing premises.
- The proposed lease, without space for the La Cienega Premises, was submitted for review to the Board's appointed Real Estate Management Commission on October 3, 2023, and was unanimously approved. Subsequently on October 30, 2023, the Commissioners were informed that the proposed lease was modified to include space to replace the La Cienega Premises and expressed no objection.

The CEO issued a flyer soliciting proposals for available space from landlords, brokers, and other owner representatives, for this space need, through the Board's Executive Office website and Real Estate's County website. None of the responses received were suitable for DPSS' needs due to lack of available space. The CEO conducted a market search of available office space for lease, but was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$32.40 and \$39.80 per square foot, per year. The base annual rental rate of \$34.80 per square foot, per year for the proposed lease represents a rate that is within the market range for the area. We were unable to identify any sites that could accommodate this requirement more economically. We recommend the proposed Premises as the most suitable to meet the County's space requirements.

Co-working office space was not considered as it is not suitable or practical for a DPSS South County Regional Office.

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

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

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

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

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

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

ENVIRONMENTAL DOCUMENTATION

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

65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable.

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

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

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease will adequately provide the necessary office space, and parking spaces for this County requirement. DPSS concurs with the proposed lease 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
Internal Services
Public Social Services

**DEPARTMENT OF PUBLIC SOCIAL SERVICES
1500 HUGHES WAY, LONG BEACH**

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?		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? ² 160 sq. ft per person due to increased space design efficiencies, while still including reception areas, multiple team-meeting and conference rooms and two lobbies.			X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? 915 parking spaces will provide a 4.4/1,000 parking ratio.			X	
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location?		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. <u>X</u> No suitable County occupied properties in project area.				
	3. <u>X</u> No County-owned facilities available for the project.				
	4. ____ Could not get City clearance or approval.				
	5. ____ The Program is being co-located.				
E	Is lease a full-service lease?		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					
² If not, why not?					

ENCLOSURE B

OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS

1500 Hughes Way, Long Beach
Department of Public Social Services

Total Leased Area (sq. ft.)	207,627															
Premises A	86,359															
Premises B	27,000															
Premises C	50,000															
Premises D	44,268															
Term (Months)	180															
Estimated Commencement Date	2/1/2025															
Base Rent (Full Service Gross)	\$34.80															
Annual MG Base Rent Adjustment	Yr.1 N/A	Yr.2 2.50%	Yr.3 2.50%	Yr.4 2.50%	Yr.5 2.50%	Yr.6 2.00%	Yr.7 2.00%	Yr.8 2.00%	Yr.9 1.50%	Yr.10 1.50%	Yr.11 1.00%	Yr.12 1.00%	Yr.13 1.00%	Yr.14 1.00%	Yr.15 1.00%	
# of People for Low Voltage	1,147															
Low Voltage Costs (\$13,190/person)	\$15,130,387															
Low Voltage (Lump Sum)	\$983,475															
LV (Amortized Portion)	\$14,146,912															
LV (Amortized Portion) Amortized 5 years at 8% IR	\$17,210,902															
	Labor Cost Lump Sum Payment	TESMA (Lump Sum Costs)	TESMA (Amortized Costs @ 8% IR, 5 Yrs)	Low Voltage Total												
(Labor + TESMA Cost) Low Voltage (Lump Sum)	\$14,146,912	\$983,475	\$0	\$15,130,387												
(Labor + TESMA Cost) Low Voltage (Amortized)	\$14,146,912	\$983,475	\$2,080,515	\$17,210,902												
						\$6,974,979										
	Lump Sum Cost															
TI Allowance (Reimbursable) (\$115 SF)	\$23,877,105															
	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	6 th Year	7 th Year	8 th Year	9 th Year	10 th Year	11 th Year	12 th Year	13 th Year	14 th Year	15 th Year	Total 15 Year Rental Costs
Base Rent ¹	\$7,225,420	\$7,406,055	\$7,591,206	\$7,780,987	\$7,975,511	\$8,135,022	\$8,297,722	\$8,463,676	\$8,590,632	\$8,719,491	\$8,806,686	\$8,894,753	\$8,983,700	\$9,073,537	\$9,164,273	\$125,109,000
Additional TI Allowance ²	\$23,877,105															\$23,878,000
Rent Abatement ³	(\$250,441)															(\$251,000)
Total Paid to Landlord	\$30,852,084	\$7,406,055	\$7,591,206	\$7,780,987	\$7,975,511	\$8,135,022	\$8,297,722	\$8,463,676	\$8,590,632	\$8,719,491	\$8,806,686	\$8,894,753	\$8,983,700	\$9,073,537	\$9,164,273	\$148,736,000
Low Voltage Lump Sum	\$983,475															\$984,000
LV (TESMA Labor & Materials)	\$3,442,180	\$3,442,180	\$3,442,180	\$3,442,180	\$3,442,180											\$17,211,000
Total Annual Lease Costs	\$35,277,739	\$10,848,236	\$11,033,387	\$11,223,167	\$11,417,692	\$8,135,022	\$8,297,722	\$8,463,676	\$8,590,632	\$8,719,491	\$8,806,686	\$8,894,753	\$8,983,700	\$9,073,537	\$9,164,273	\$166,930,000

¹ Based on Tenant paying the Full Service Gross Base Rent subject to Consumer Price Index (CPI) increases capped at 3 percent per annum. Assumes Tenant is occupying the entire Premises, but Lease includes a phasing of occupancy into three phases as estimated as follows: Premises A: 4/1/24, Premises B: 11/1/24, Premises C: 4/1/25.

² Based on the total Additional TI Allowance should it be fully spent and paid lump sum. Approximately 50% of furniture costs (\$4.7 million is estimated to be paid in FY 23/24 and the remainder \$13.1 million is estimated to be paid in FY 24/25).

³ Based on one month rent abatement for Premises A only.

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

ENCLOSURE C

**DEPARTMENT OF PUBLIC SOCIAL SERVICES
SPACE SEARCH – 3 MILE RADIUS
1500 HUGHES WAY, LONG BEACH**

LACO	Name	Address	Ownership	Gross SqFt	Vacant
A350	Department of Animal Care and Control HQ	5898 Cherry Ave Long Beach 90808	Owned	12,450	NONE
A243	Probation – (AB – 109) South Bay Reg Office	1299 E Artesia Blvd Carson 90746	Leased	12,928	NONE
Y861	ML King – Plant Management Building	12021 S Wilmington Ave Los Angeles 90059	Owned	16,000	NONE
X351	Century Detention – Detention Administration	11705 S Alameda St. Lynwood 90262	Financed	20,706	NONE
X169	DPSS – Compton AP District Office	211 E Alondra Blvd Compton 90220	Owned	48,135	NONE
A959	DPSS – GAIN Region V/Paramount District	2959 E Victoria St. Rancho Dominguez 90221	Leased	54,000	NONE
12730	Jacqueline Avant Children and Family Center	1741 E 120 th St. Los Angeles 90059	Owned	58,800	NONE
X349	Lynwood Regional Justice Center	11701 S Alameda St. Lynwood 90262	Owned	62,078	NONE
10335	DCFS-Regional – Adoptions, Child Protection	1 Civic Plaza Dr Carson 90745	Leased	91,277	NONE
C600	DPSS – South Family AP/Special District Offices	17600 Santa Fe Ave Rancho Dominguez 90221	Leased	133,000	NONE
6420	Compton Courthouse	200 W Compton Blvd Compton 90220	CA/Laco	576,466	NONE

FACILITY LOCATION POLICY ANALYSIS

Proposed lease: Lease for the Department of Public Social Services – 1500 Hughes Way, Long Beach – Fourth District.

A. Establish Service Function Category – South County Regional Office.

B. Determination of the Service Area – The proposed lease will provide a fifteen-year lease for multiple DPSS programs within Service Area 8.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: Continued need for operation in SA 8 region for DPSS programs.
- Need for proximity to existing County facilities: N/A
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services, i.e., Metro A Line, Long Beach 192 bus route, and is within close proximity to the 710 and 405 Freeways.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing County buildings available that meet DPSS' space needs.
- Compatibility with local land use plans: The City of Long Beach has been notified of the proposed County use which is consistent with its use and zoning for office space at this location.
- Estimated acquisition/construction and ongoing operational costs: The aggregate cost associated with the proposed lease over the entire term is \$166,930,000.

D. Analyze results and identify location alternatives

Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$32.40 and \$39.80 per square foot, per year. The base annual rental rate of \$34.80 per square foot, per year for the proposed lease represents a rate that is within the market range for the area. We were unable to identify any sites that could accommodate this requirement more economically. We recommend the proposed Premises 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 1,294 employees and clients consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012.

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE**

LEASE AGREEMENT

**COUNTY OF LOS ANGELES - Tenant
OMNINET FREEWAY, LP – Landlord**

**1500 HUGHES WAY STREET,
POD "A" AND A PORTION OF POD B
LONG BEACH, CALIFORNIA 90810**

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EXHIBITS

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

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is entered into as of the _____ day of _____, 2023 between OMNINET FREEWAY, LP, a Delaware limited partnership ("Landlord"), and COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant" or "County").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION

1.1 Terms

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

(a) Landlord's Address for Notices:	OMNINET FREEWAY, LP 9420 Wilshire Blvd, Fourth Floor Beverly Hills, CA 90212 Attention: Michael Danielpour Email: Michael@omninet.com With a copy to: Omninet Property Management, Inc. 9420 Wilshire Blvd, Fourth Floor Beverly Hills, CA 90212 Attention: Commercial Operations Email: maryr@omninet.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 207,627 rentable square feet (RSF), comprised of (i) approximately 86,359

	<p>RSF ("Premises A"), (ii) approximately 27,000 RSF ("Premises B"), (iii) approximately 50,000 RSF ("Premises C"), all located in POD "A" of the Building, and (iv) approximately 44,268 RSF ("Premises D") consisting of the entire third floor within POD "B" of the Building (collectively the "Premises"), as shown on Exhibit A attached hereto.</p>
(d) Building:	<p>The Building located at 1500 Hughes Way, Long Beach, California 90810 which is comprised of three separate connected buildings called "PODs" identified as POD "A", POD "B" and POD "C", which Building is currently assessed by the County Assessor as APN 7310-016-072 (the "Property").</p>
(e) Term:	<p>Fifteen (15) years, unless otherwise stated below. This Lease and Tenant's obligation to lease those portions of the Premises shall commence as follows:</p> <p><u>Premises A:</u> The first day of the first full calendar month following thirty (30) days after Substantial Completion of the Tenant Improvements and Tenant Acceptance of the Premises, as defined in Section 4.1 (the "Premises A Commencement Date").</p> <p><u>Premises B:</u> The later date to occur of (i) the first day of the first full calendar month following thirty (30) days after Substantial Completion of the Tenant Improvements and Tenant Acceptance of the Premises, as defined in Section 4.1, or (ii) November 1, 2024 (the "Premises B Commencement Date").</p> <p><u>Premises C:</u> The later date to occur of (i) the first day of the first full calendar month following thirty (30) days after Substantial Completion of the Tenant Improvements and Tenant Acceptance of the Premises, as defined in Section 4.1, or (ii) April 1, 2025 (the "Premises C Commencement Date").</p> <p><u>Premises D:</u> The later date to occur of (i) the first day of the first full calendar month following thirty (30) days after Substantial Completion of the Tenant Improvements and Tenant Acceptance of the Premises, as</p>

	<p>defined in Section 4.1, or (ii) April 1, 2025 (the "Premises D Commencement Date").</p> <p>The Lease shall terminate at midnight on the last day of the fifteenth (15th) annual anniversary of the Premises A Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein.</p> <p>The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.</p>
(f) Estimated Premises A Commencement Date:	December 1, 2024
(g) Irrevocable Offer Expiration Date: (see Section 33)	December 15, 2023
(h) Base Rent:	<p>\$2.90 per rentable square foot per month and subject to annual adjustments on the Premises A Commencement Date, Premises B Commencement Date, Premises C Commencement Date and Premises D Commencement Date, as applicable, as described in Section 5.3 below.</p> <p><u>Premises A</u>: The monthly rental rate until the first anniversary of the Premises A Commencement Date, shall be \$250,441.10 per month or \$3,005,293.20 per year, and thereafter subject to annual adjustment.</p> <p><u>Premises B</u>: The monthly rental rate from the Premises B Commencement Date until the first anniversary of the Premises A Commencement Date, shall be the same monthly rent per rentable sq. ft. as is then payable for Premises A multiplied by the rentable square footage of Premises B, and thereafter subject to annual adjustment.</p> <p><u>Premises C</u>: The monthly rental rate from the Premises C Commencement Date until the first anniversary of the Premises A</p>

	<p>Commencement Date, shall be the same monthly rent per rentable sq. ft. as is then payable for Premises A multiplied by the rentable square footage of Premises C, and thereafter subject to annual adjustment.</p> <p><u>Premises D</u>: The monthly rental rate from the Premises D Commencement Date until the first anniversary of the Premises A Commencement Date, shall be the same monthly rent per rentable sq. ft. as is then payable for Premises A multiplied by the rentable square footage of Premises D, and thereafter subject to annual adjustment.</p>
(i) Early Termination Date (see Section 4.4)	<p>Provided that Tenant is not then in default under this Lease, Tenant will have the one-time right to terminate this Lease for any reason effective as of the last day of the 144th month of the Premises A Commencement Date ("Early Termination Date"), subject to at least 180 days' prior written notice to Landlord and compliance with the terms of Section 4.4 herein.</p>
(j) Intentionally Omitted	Intentionally Omitted
(k) Initial Departmental Use:	Department of Public Social Services office with public intake, subject to Section 6.
(l) Parking Spaces:	915 parking spaces for employee and visitor parking, all at no additional cost to Tenant, which parking space shall be located in the area designated in Exhibit K attached hereto.
(m) Tenant's Hours of Operation:	6 a.m. to 8 p.m. Monday through Friday, and 9 a.m. to 2 p.m. on Saturdays
(n) Asbestos Report:	A report dated April 12, 2023, prepared by Hart Laboratory, Inc., a licensed California Asbestos contractor.
(o) Seismic Report	A report dated April 27, 2023, prepared by the Department of Public Works.
(p) Disabled Access Survey	A report dated March 25, 2023, prepared by CASp Experts LLC.

1.2 Defined Terms Relating to Landlord's Work Letter

(a) Landlord's TI Allowance:	\$12,457,620 (i.e., \$60.00 per rentable square foot of the Premises)
(b) Tenant's TI Contribution:	\$23,877,105 (i.e., \$115.00 per rentable square foot of the Premises)
(c) Refurbishment Allowance:	Up to \$4,152,540 (i.e., \$20.00 per rentable square foot of the Premises)
(d) Tenant's TI Contribution Amortization Rate and Change Authorization Amortization Rate:	Not applicable
(e) Estimated Monthly Payments Attributable to Total TI Costs in Excess of Landlord's TI Allowance	Not applicable
(f) Tenant's Work Letter Representative:	An assigned staff person of the Chief Executive Office - Real Estate Division
(g) Landlord's Work Letter Representative:	William Molina or an assigned person of the Landlord
(h) Landlord's Address for Work Letter Notices:	<p>Omninet Freeway LP 9420 Wilshire Blvd, Fourth Floor Beverly Hills, CA 90212 Attention: Michael Danielpour</p> <p>With a copy to:</p> <p>Omninet Property Management, Inc. 9420 Wilshire Blvd, Fourth Floor Beverly Hills, CA 90212 Attention: Commercial Operations</p>
(i) Tenant's Address for Work Letter Notices:	<p>County of Los Angeles Chief Executive Office - Real Estate Division 320 West Temple Street, 7th Floor Los Angeles, CA 90012 Attention: Director of Real Estate</p>

<p>1.3 <u>Exhibits to Lease</u></p>	<p>Exhibit A - Floor Plan of Premises Exhibit B - Commencement Date Memorandum and Confirmation of Lease Terms Exhibit C - HVAC Standards Exhibit D - Cleaning and Maintenance Schedule Exhibit E - Subordination, Non-Disturbance and Attornment Agreement Exhibit F - Tenant Estoppel Certificate Exhibit G - Community Business Enterprises Form Exhibit H - Memorandum of Lease Exhibit I - Landlord's Work Letter</p>
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2. **PREMISES**

2.1 Lease of Premises

Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1.1 and depicted on Exhibit A attached hereto. Notwithstanding the above, Tenant shall have the non-exclusive right to use the Building's conference room and gym located on the first-floor between POD A and POD B and depicted on Exhibit J attached hereto at no additional cost to Tenant and on a first come first serve basis. The conference room and gym shall be maintained by the Landlord at Landlord's sole cost and expense.

2.2 Measurement of Premises

Tenant shall have the right at any time prior to the Premises A Commencement Date to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-2017, Method A, as promulgated by the Building Owners and Management Association ("BOMA") International, except that no penthouse mechanical room space shall be included in the measurement. A copy of such measurement report shall be delivered to Landlord. Landlord and Tenant hereby agree there will be no modification made to the Base Rent if the remeasured square footage exceeds or is less than the amount set forth in Section 1.1(c) above.

3. **COMMON AREAS**

Tenant may use the following areas ("Common Areas") in common with Landlord and any other tenants of the Building: the entrances, lobbies, corridors and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Area established by Landlord.

4. **COMMENCEMENT AND EXPIRATION DATES**

4.1 **Term**

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

- (a) The shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises;
- (b) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease and Landlord's Work Letter (if any), including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises. Notwithstanding any contrary provision contained herein, the completion of the installation of Tenant's data (e.g., computer), telecom, telephone equipment and low voltage wiring and any other work which is Tenant's responsibility under this Lease (as opposed to Landlord's obligation) shall not be a condition precedent to the occurrence of Substantial Completion.
- (c) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent ("Sign Off");
- (d) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and

4.2 **Termination Right For Delay of Commencement Date.**

If the Premises A Commencement Date has not occurred within two hundred seventy (270) days following the date of Landlord's receipt of the final governmental building permits granting Landlord the right to perform the Tenant Improvements in the Premises, subject to extension for Tenant Delay(s) and/or Force Majeure Delays, and/or Change Authorizations, as provided in Landlord's Work Letter executed concurrently herewith, then Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon

the giving of at least ninety (90) days prior written notice to Landlord, and the parties shall have no further rights or obligations to one another hereunder.

4.3 Early Entry

Tenant shall be entitled to enter Premises A approximately thirty (30) days prior to the Premises A Commencement Date, Premises B approximately thirty (30) days prior to the Premises B Commencement Date, Premises C approximately thirty (30) days prior to the Premises C Commencement Date and Premises D approximately thirty (30) days prior to the Premises D Commencement Date (each thirty (30) day period in herein referred to as an "Early Occupancy Period") for the purpose of installing Tenant's furniture, fixtures, and equipment in the Premises A, Premises B, Premises C or Premises D, as applicable. Such early entry shall be subject to all provisions hereof, but shall not advance the Premises A Commencement Date, Premises B Commencement Date, the Premises C Commencement Date and the Premises D Commencement Date, as the case may be, and Tenant shall not pay Base Rent nor any other charges for such portion of the Premises during the applicable Early Occupancy Period. Further, Tenant's early entry right is subject to Tenant not interfering with the completion of the Tenant Improvements in Premises A, Premises B, Premises C or Premises D, as applicable. During the Early Occupancy Period, Tenant shall be subject to all the terms and conditions of this Lease with the exception of having to pay Base Rent for Premises A, Premises B, Premises C or Premises D, as the case may be, until the Premises A Commencement Date, the Premises B Commencement Date, the Premises C Commencement Date and the Premises D Commencement Date occurs (defined above), as applicable.

4.4 Early Termination as of Early Termination Date

Tenant shall have a one-time 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 and eighty days (180) days prior written notice, executed by Tenant's Chief Executive Officer or his/her designee. In the event Tenant terminates this Lease pursuant to this section, Tenant shall pay Landlord the unamortized portion (with interest calculated at eight (8%) per annum) of the Base TI Allowance (amortized over months 1 through 180) and the Refurbishment Allowance (amortized over months 121 – 180). Such payment shall be made within thirty (30) days following the Early Termination Date and shall not exceed \$6,486,075.85.

4.5 Intentionally Omitted

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, prior to the applicable 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 Rent Abatement

The first (1st) month Base Rent due for Premises A only shall be abated following the Premises A Commencement Date as provided herein. Tenant shall have the option to convert all or any portion of its Rent Abatement toward an increase in the Base TI Allowance by delivering written notice to Landlord prior to the Premises A Commencement Date.

5.3 Base Rent Adjustments

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

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

(c) Illustration of Formula. The formula for determining the adjusted Base Rent shall be as follows:

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

(d) Limitations on CPI Adjustment. In no event shall the monthly Base Rent adjustment based upon the CPI Formula result in an annual increase greater than the percentage set forth in the table below ("CPI Cap") of the Base Rent payable in the month preceding the applicable adjustment. In no event shall the Base Rent be adjusted by the CPI Formula to result in a lower monthly Base Rent than was payable during the previous year of the Lease.

CPI Cap	
<u>Period of the Term</u>	<u>Applicable CPI Cap</u>
Year 1	N/A
Year 2	2.5%
Year 3	2.5%
Year 4	2.5%
Year 5	2.5%
Year 6	2.0%
Year 7	2.0%
Year 8	2.0%
Year 9	1.5%
Year 10	1.5%
Year 11	1.0%
Year 12	1.0%
Year 13	1.0%
Year 14	1.0%
Year 15	1.0%

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, for 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, and on weekends and holidays.

7. **HOLDOVER**

If Tenant remains in possession of the Premises or any part thereof after the expiration of the term of this Lease, such occupancy shall be a tenancy which is terminable only upon ninety (90) days written notice from Landlord or thirty (30) days written notice from Tenant's Chief Executive Officer or his/her designee at the last monthly Base Rent payable under this Lease for the initial six (6) months of such holdover period, but thereafter the Base Rent shall increase by 115% ("Holdover Fee"), plus any other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease. In the event Tenant renews the lease during the Holdover period for a term of five (5) years or greater, the difference between the Base Rent paid during the holdover period and the Base Rent payable for the last month of the Initial Term shall be credited to the Tenant in the form of a credit against the monthly Base Rent next due.

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 equivalent 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 fifteen (15) 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 equivalent 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 (10) days after Tenant's receipt of written notice from Landlord or its agents specifying such time period of repair; and this Lease shall terminate and the Base Rent shall be abated from the date 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, to Landlord's actual knowledge as of the date hereof and on the Premises A Commencement Date:
 - i. Subject to the reports provided to Tenant as described in Section 1.1 above, the Premises, the Building, and all Common Areas (including electrical, heating, ventilating, and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including but not limited to the Americans With Disabilities Act, and are in reasonably good working order and condition;
 - ii. The Building and the Premises comply with all covenants, conditions, restrictions and insurance underwriter's requirements;
 - iii. The Premises, the Building and the Common Areas are free of the presence of Hazardous Materials (as hereinafter defined); and
 - iv. Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation.
- (b) Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report (as defined in Section 1.1) that the Premises and the Building contain no asbestos containing materials

(other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos-containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(c) CASp Inspection:

In accordance with California Civil Code Section 1938, Landlord hereby states that the Premises and the Common Areas:
[Check the appropriate box]

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

☒ Have undergone inspection by a Certified Access Specialist and have not been determined to meet all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53. Landlord has provided Tenant with a copy of the CASp inspection report at least 48 hours prior to the execution of this Lease. A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

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

The foregoing statement is provided solely for the purpose of complying with California Civil Code Section 1938 and shall not affect the

Landlord's and Tenant's respective responsibilities for compliance with any design and construction related accessibility obligations as provided under this Lease or the Landlord's Work Letter.

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

10.2 Landlord Obligations

- (a) Landlord shall keep and maintain the Property in good condition and repair and promptly make repairs to and perform maintenance upon and replace as needed:
 - i. the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, foundations, roof, concealed plumbing, stairways, concealed electrical systems and intra-building telephone network cables;
 - ii. mechanical (including HVAC), electrical, plumbing and fire/life systems serving the Building;
 - iii. the Common Areas;
 - iv. exterior windows of the Building;
 - v. elevators serving the Building;
 - vi. landscaping throughout the Building, the Building perimeter, and parking areas,
 - vii. maintain the three (3) existing flagpoles located at the front entrance to POD A; and
 - viii. maintain the Building's generator, including maintaining an on-going and routine maintenance service contract with a reputable generator sub-contractor at Landlord's sole cost and expense. Landlord shall not be required to maintain, repair or replace any generator which exclusively serves the Premises, it hereby being agreed that such exclusive generator shall be maintained, repaired and replaced by Tenant at Tenant's sole cost and expense.
- (b) Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to, or replacements of:
 - i. the floor covering (if such floor covering is carpeting it shall be replaced as needed, but not less often than after five (5) years of use);
 - ii. interior partitions;

- iii. doors, door frames and hardware;
 - iv. the interior side of demising walls (which shall be repainted as needed but not less often than every five (5) years);
 - v. signage;
 - vi. emergency exit signage and battery replacement;
 - vii. HVAC equipment dedicated to the mechanical rooms housing Tenant's computer servers and related equipment; and
 - viii. Light fixtures, bulbs, tubes and ballasts.
- (c) Landlord shall, to the best of its ability, provide all reports, maintenance records, or other documentation as may be requested from time to time.

10.3 Tenant Obligations

Without limiting Landlord's repair and maintenance obligations, Tenant shall be responsible for (i) the cost of repairing any area of the Property damaged by Tenant or by Tenant's agents, employees, invitees or visitors, and (ii) the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall:

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

10.4 Tenant's Right to Repair

- (a) If Tenant provides written notice (or oral notice in the event of an emergency, such as damage or destruction to or of any portion of the Building structure and/or the Building systems, and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and if Landlord fails to provide such action within a reasonable period of time given the circumstances after the giving of such notice, but in any event not later than seven (7) calendar 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) business days after written notice, then Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 15.

- (b) Notwithstanding any provisions of this Lease to the contrary, Tenant, acting through the 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. In such case, Tenant shall promptly reimburse Landlord for such costs within thirty (30) days after completion and Tenant's receipt of an applicable invoice, prior written approval from tenant and Landlord and all supporting documentation. Any improvements by Landlord shall be subject to (i) the Work Letter provisions regarding selection and bidding of contractors, Landlord-Tenant coordination and audit rights, and Tenant's remedies found in said Work Letter; and (ii) compliance with County Internal Services Department Purchasing Policy and Procedure No. A-0300, effective November 22, 2016, delivered to Landlord and incorporated by reference herein. This Section shall not apply to any Tenant Improvements as defined in Section 24.

11. SERVICES AND UTILITIES

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

Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Tenant's Hours of Operations in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit C attached hereto. If Tenant desires HVAC after or before Tenant's Hours of Operation, then Tenant shall pay to Landlord for such usage the rate of \$50.00 per hour, per zone. Such charges shall be paid to Landlord within thirty (30) days after Landlord's delivery of an applicable invoice. In addition, Landlord shall furnish HVAC, at Tenant's expense, at all times (i.e., twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five (365) days per year) to the mechanical rooms housing Tenant's computer servers and related equipment. Landlord shall, as part of the work described in Landlord's Work Letter, install submeters in any and all mechanical rooms of the Premises which shall measure the amount of electricity consumed therein during hours other than Tenant's Hours of Operation. Landlord shall cause such sub-meters to be read on a monthly basis and Tenant shall pay to Landlord for the electricity consumed by the mechanical room(s) during hours other than Tenant's Hours of Operation within thirty (30) days after Landlord's delivery of an applicable invoice.

(b) Electricity

Landlord shall furnish to the Premises the amount of electric current provided for in the Landlord's Work Letter (if applicable) but in any event not less than seven (7) watts of electric current (connected load) per square foot of rentable square feet in the Premises, for power and lighting and electric current for HVAC.

(c) Elevators

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

(d) Water

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

(e) Janitorial

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

(f) Access

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

(g) Pest Control

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

(h) Utilities

Landlord agrees to pay, at its sole cost, when due, all charges for the use of the sewer, effluent treatment (when and if imposed by any governmental authority), all water, sprinkler standby charges, electricity, gas, heating and common area power and lighting, trash removal service, fire/life safety systems, charges associated with the HVAC, and other utility rents and charges accruing or payable in connection with the Premises and the

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

(i) Building Security

Landlord, at its sole cost and expense, shall be responsible for providing Building security at the entrance(s) of the project and other common areas. Tenant shall be responsible, at Tenant's expense for providing security within its Premises (as needed).

(j) Landscaping

Landlord, at its sole cost and expense, shall maintain all landscaping.

(k) Atrium

Landlord shall maintain the atrium.

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 commence 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 (5) day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein:

- (a) to remedy such default or breach and deduct the costs thereof (including but not limited to attorney' fees) from the installments of Base Rent next falling due;
- (b) to pursue the remedy of specific performance;

- (c) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Base Rent next coming due; and/or
- (d) to terminate this Lease.

15.2 Waiver

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

15.3 Emergency

Notwithstanding the foregoing notice and cure period, Tenant may cure any default after delivering written notice of such default to Landlord and 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.

15.4 Limitation of Liability

Notwithstanding anything to the contrary set forth in this Lease, Landlord, its managers, members, shareholders, partners, limited partners, general partners, officers, directors, contractors, agents and employees (collectively, "Landlord Parties") shall not be liable for any injury to Tenant's business or any consequential, punitive, special or exemplary damages, however occurring. Without limiting the foregoing, Landlord and the Landlord Parties shall not be liable for any claims, losses, liabilities or damages (collectively, "Losses") to the personal property of Tenant or its employees, invitees, customers, agents or contractors for any cause unless caused by gross negligence or intentional misconduct of Landlord Parties.

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. Notwithstanding the foregoing to the contrary, this Lease shall not be assigned to the Department of Corrections or Department of Probation to the extent such departments use the Premises for public facing purposes as opposed to administrative office use.

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

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

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

17. **ALTERATIONS AND ADDITIONS**

17.1 Landlord Consent

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

- (a) complies with all laws;

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

17.2 End of Term

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

18. **CONDEMNATION**

18.1 Controlling Terms

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

18.2 Total Taking

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

18.3 Partial Taking

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

18.4 Restoration

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

18.5 Award

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

18.6 Waiver of Statute

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

19. INDEMNIFICATION

19.1 Landlord's Indemnity

The Landlord shall indemnify, defend and hold harmless the Tenant from and against any and all liability, loss, injury or damage including (but not limited to) demands, claims, actions, fees, costs and expenses (including reasonable 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 reasonable 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 reasonably 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 the Common Areas and Premises, 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. Tenant's insurance policies shall be primary with respect to all of Tenant's personal property, furniture, fixtures and equipment located within the Premises.

(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.

(i) Per Occurrence Coverage

If any part of the Required Insurance is written on a per occurrence basis, any policy retroactive date shall precede the start date of this Lease. Landlord understands and agrees it shall maintain such coverage until the date of the closing of any sale of the Building by Landlord to a third party.

(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.

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:	\$ 3 million
Products/Completed Operations Aggregate:	\$ 2 million
Personal and Advertising Injury:	\$ 2 million
Each Occurrence:	\$ 2 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:	\$ 5 million
Products/Completed Operations Aggregate:	\$ 5 million
Personal and Advertising Injury:	\$ 3 million
Each Occurrence:	\$ 3 million

Landlord shall be permitted to maintain such coverage pursuant to an umbrella or excess polic(ies) of insurance.

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

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

21. PARKING

21.1 Tenant's Rights

Tenant shall have the right to the number of unreserved parking spaces set forth in Section 1.1, without charge, for the Term of this Lease, which spaces shall be located in the parking area depicted in Exhibit K attached hereto. Up to ten percent (10%) of Tenant's parking spaces may be provided as tandem parking spaces, provided Landlord, at its sole cost and expense, includes the necessary number of parking attendants for such tandem parking, and Landlord must give sixty (60) days' advance written notification to Tenant of Landlord's election to provide tandem parking spaces. Otherwise, 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 unreserved parking space set forth in Section 1.1, if applicable. Subject to Landlord's reasonable approval on design, Tenant may request Landlord to install, at Tenant expense, to be performed by Landlord as part of the Tenant Improvements, concrete dividers, bollards, fencing or similar devices for separation of Tenant's employee parking spaces from Tenant's visitor parking spaces.

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 other than an emergency or Landlord's performance of its repair and maintenance obligations, ten (10%) percent or more 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), and, if such parking spaces are not restored to Tenant within five (5) business days after Landlord's receipt of written notice from Tenant 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, 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 reasonable expenses arising at any time during or after the Term as a result of, or in connection with, the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas caused by Landlord or Landlord's other violation of laws relating to Hazardous Materials other than those caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises in violation of applicable laws. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

22.3 Tenant Indemnity

Tenant agrees to indemnify, defend and hold harmless Landlord and the Landlord Parties from and against all liability, expense (including defense costs, legal fees and response costs imposed by law) and claims for damages which arise out of the presence of Hazardous Materials on the Premises caused by Tenant or Tenant's contractors, agents or employees.

The indemnification provisions of this Section 22 shall survive the expiration or earlier termination of this Lease.

23. ESTOPPEL CERTIFICATES

Tenant shall, within thirty (30) business days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Exhibit F attached hereto (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest in the Premises or a holder of any mortgage upon Landlord's interest in the Premises.

24. TENANT IMPROVEMENTS

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

25. LIENS

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

26. SUBORDINATION AND MORTGAGES

26.1 Subordination and Non-Disturbance

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

26.2 Existing Deeds of Trust

The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Exhibit E attached hereto, within thirty (30) days after the Premises A Commencement Date, subject to any delay by Landlord's lender.

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 (10) 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

28.1 Directory 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. Subject to Landlord's prior written approval, Tenant shall be permitted to install identification signs at the entrance to the Premises that conform with any and all applicable laws and ordinances.

28.2 Monument Signage

Subject to governmental approvals if applicable, and Landlord's approval of the specifications (including without limitation, size, color, location and design), which approval shall not be unreasonably withheld, conditioned or delayed, Tenant shall have the right to request Landlord, at Tenant's expense, to provide monument signage space for Tenant at the street entrance to the campus.

28.3 Building Top Signage

Subject to Landlord and governmental approvals if applicable, and Landlord's approval of the specifications (including without limitation, size, color, location and design), which approval shall not be unreasonably withheld, conditioned or delayed, Tenant shall have the right to request Landlord, at Tenant expense, to install Building Top Signage on the exterior of POD "A" facing up to two (2) sides

of POD "A".

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 Cushman & Wakefield of California, Inc. (the "Tenant's Agent") and CBRE (Landlord's Agent") 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. The terms of any commissions due shall be pursuant to a separate commission agreement between Landlord and Tenant's Agent.

30.4 Entire Agreement

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

30.5 Severability

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

30.6 Notices

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

30.7 Governing Law and Venue

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

30.8 Waivers

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

30.9 Time of Essence

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

30.10 Consent

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

30.11 Community Business Enterprises

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

30.12 Memorandum of Lease

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

30.13 Counterparts: Electronic Signatures

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

31. AUTHORITY

Only the County's Board of Supervisors ("Board of Supervisors") has the authority, by formally approving and/or executing this Lease, to bind Tenant to the terms included herein. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease, and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by Tenant. Tenant shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Office of the County (the "Chief Executive Office") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Base Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an early termination notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or

she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

32. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

32.1 Consideration of GAIN Program Participants

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

32.2 Solicitation of Consideration

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

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

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

32.3 Landlord Assignment

- (a) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Base Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.
- (b) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease, or any portion thereof, as security for the Landlord's obligation to repay any monetary obligation, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void. It is hereby expressly agreed that a sale agreement which sets forth sale of the Building or an assignment agreement pursuant to which Landlord assigns its interest

in this Lease in connection with a sale of the Building do not constitute a Security Agreement under this Lease.

- (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) If Landlord shall be convicted by applicable Court of law of violating the provisions of Section 5951 of the California Government Code, such conviction, which is a requirement for Tenant to exercise its remedies pursuant to Section 5954 of the California Government Code, will constitute a material breach of this Lease, upon which Tenant shall have the right to exercise the remedy set forth in such Section 5954 of the California Government Code. In addition, in the event Landlord is convicted of violating Section 5951 of the California Government Code, 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, other than purchasers, lenders and prospective purchasers and lenders and all of their legal representatives and brokers on a need to know basis, 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.

- (H) Notwithstanding any contrary provision contained in this Lease, Landlord shall have the right at any time and from time to time, to refinance the Building or transfer Landlord's right, title and interest in and to the Building or Property without Tenant's consent.

32.4 Smoking in County Facilities.

The Surgeon General of the United States has concluded that passive smoke exposure is the third leading cause of preventable death in the United States. The United States Environmental Protection Agency has found second-hand smoke to be a known carcinogen. It is recognized that the County has a responsibility to establish, maintain and promote a healthful and safe working environment and to reduce health and safety risks of its employees and the public at large. Tobacco smoke is a hazard to the health of County employees and the general public and represents an annoyance which should be regulated and banned in all county facilities to the end that air quality in all such facilities be improved for the preservation and improvement of the health of all County employees and the public. Therefore, to the greatest extent possible, the rights and comfort of all employees shall be respected. Reasonable effort shall be made to provide smokers a place to smoke in areas open to the sky or otherwise located outside County facilities and, except as provided under Los Angeles County, California - Code of Ordinances Chapter 2.126 ("LAMC 2.126"), all portions of County-owned facilities and all portions of facilities leased by or from the County, which areas are not open to the sky, shall be designated as "no smoking" areas. Smoking, including the use of electronic smoking devices, shall be prohibited in the following areas of County facilities: (1) Within 50 feet of any operable entry or exit door or operable window of any County building and within 25 feet of any access ramp or handicap path; (2) Within any County parking lot, parking structure, or parking garage, whether enclosed or open to the sky; or (3) Within any driving range and eating area, including outdoor eating areas, of any County golf course. International no-smoking signs and other appropriate signs which designate no-smoking areas shall be clearly, sufficiently and conspicuously posted in every room, building or other place so covered by LAMC 2.126. The manner of such posting, including the wording, size, color and place of posting, whether on the walls, doors, tables, counters, stands or elsewhere, shall be at the discretion of the building proprietor so long as clarity, sufficiency and conspicuousness are apparent in communicating the intent. (Los Angeles County, California - Code of Ordinances Chapter 2.126.)

33. **IRREVOCABLE OFFER**

In consideration for the time and expense that Tenant will invest in this Lease, including but not limited to preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County, as necessary, in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.1.

34. **OPTION TO EXTEND**

- (a) Option Term. Provided that no material Default has occurred and is

continuing under the Lease at the time the option is exercised, Tenant shall have one (1) option to renew this Lease for an additional period of five (5) years (the "Extension Term").

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

(i) giving Landlord written notice of its intention to do so (its "Notice of Intent") no later than twelve (12) months, nor earlier than fifteen (15) months, prior to the end of the initial Term, and

(ii) after Market Rental Value has been determined as provided below, and after the Board of Supervisors has approved the exercise of the option to renew, by giving written notice of its election to exercise such option. It is understood that Tenant will not exercise its option until after the Board of Supervisors has approved doing so, which will not be prior to the determination of the Market Rental Value, as provided below. If the Board of Supervisors has not approved the exercise of such option prior to ninety (90) days after the expiration of the Term of this Lease as then in effect, Tenant shall be entitled to holdover at the holdover rental rate as provided in this Lease. If Tenant fails to give written notice of its election to exercise the option to Landlord, Landlord will promptly provide written notice to Tenant that the Term shall not be extended unless Tenant responds within ten (10) business days in writing electing to exercise its renewal option, and Tenant shall respond by the expiration of such ten (10) business day period by delivering written notice of its election to exercise such renewal option or election not to exercise such renewal option. Tenant's failure to notify Landlord of its election to exercise such renewal option, within ten (10) business day after receipt of such written notice shall terminate this Lease as of the then-applicable expiration date, and neither Landlord nor Tenant will have any further obligation or liability under this Lease arising or continuing from and after such expiration date, subject, however, to the provisions that expressly survive termination of this Lease.

(c) Terms and Conditions of the Extension Term. The Extension Terms shall be on all the terms and conditions of this Lease, except that the Base Rent during Extension Terms shall be equal to one hundred percent (100%) of Market Rental Value for the Premises as of the commencement of the Extension Term ("Adjusted Market Rental Value") to be determined as set forth below, including, but not limited to, the comparable rental rate, escalation, abatement, tenant improvement allowances (after first reasonably deducting the value of the existing improvements) then being offered to renewing tenants leasing space in the Suburban Long Beach sub-market ("Market").

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

(e) Market Rental Value. The term "Market Rental Value" shall be the rental rate that comparable Premises in the Market in which the Premises is located would command for the same term as the Extension Term on the open market at the time Tenant provides its Notice of Intent. For purposes hereof, the term "comparable Premises" shall mean premises in a building similar in size and location to the Building in the Market, taking into account any improvements installed by or on behalf of Tenant in the Building, the fact that Tenant is not required to pay operating expenses, insurance or taxes for the

Premises and the fact that Tenant is not required to pay for electricity, water, sewer, trash and janitorial utilities and services for the Premises. In determining the Market Rental Value, additional appropriate consideration shall be given to Tenant's creditworthiness, the annual amount per rentable square foot that Landlord has accepted in current transactions between non-affiliated parties from non-sublease, non-expansion, space for renewal and non-equity tenants of comparable creditworthiness for comparable premises for a comparable use for a comparable period of time, the annual rental rates per square foot, the standard of measurement by which the rentable square footage is measured, the ratio of rentable square feet to usable square feet, and the fact that Tenant is not required to pay operating expenses, insurance or taxes pursuant to this Lease, parking rights and obligations, signage rights, abatement provisions reflecting free rent, tenant improvements and any other tenant inducements then being offered to renewing tenants leasing space in the Market, however, the fact that brokerage commissions are or are not payable for such comparable transactions shall be excluded from such calculation.

(f) Opinions. Landlord shall submit its opinion of Market Rental Value to Tenant within fifteen (15) days after Landlord's receipt of the Notice of Intent, and Tenant shall respond thereto within ten (10) days thereafter by either (a) accepting Landlord's opinion of Market Rental Value (in which case, such Market Rental Value shall be used to determine Base Rent during the Extension Term) or (b) submitting Tenant's opinion of Market Rental Value. If Landlord and Tenant cannot agree upon the Market Rental Value of the Premises within fifteen (15) days thereafter, then Landlord and Tenant within five (5) days shall each submit to each other their final written statement of Market Rental Value ("Final Statement"). Within ten (10) days thereafter Landlord and Tenant shall together appoint one real estate appraiser (who shall be a Member of the American Institute of Real Estate Appraisers) (or, if both Landlord and Tenant agree, a certified property manager with ten (10) years' experience) who will determine whether Landlord's or Tenant's Final Statement of Market Rental Value is the closest to the actual (in such appraiser's opinion) Market Rental Value of the Premises. If Landlord and Tenant cannot mutually agree upon an appraiser within said ten (10) day period, Tenant may apply to the Presiding Judge of the Superior Court for Los Angeles County, requesting said Judge to appoint the M.A.I. qualified appraiser. The appraiser so appointed shall promptly determine whether Landlord's or Tenant's Final Statement of Market Rental Value is the closest to the actual (in such appraisers' opinion) Market Rental Value of the Premises, and such Final Statement of Market Rental Value shall be the Market Rental Value used in determining Base Rent during the Extension Term. The fees and expenses of the appraiser shall be borne equally by Landlord and Tenant. The appraiser appointed or selected pursuant to this Section shall have at least ten (10) years' experience appraising commercial properties in Los Angeles County.

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

35. RIGHT OF FIRST OFFER TO LEASE ADDITIONAL PREMISES.

(a) Tenant hereby acknowledges that the entire second (2nd) floor of POD "B" is currently available for lease. Provided that no monetary Default by Tenant has occurred and is continuing under the Lease, if at any time during the first seven (7) years of the Term, Landlord leases to a third party all or any portion of the 2nd floor of POD "B" (the "Additional Premises") and such lease expires during the first seven (7) years of the Term,

then, following the expiration of the third party lease of the Additional Premises, Tenant shall then have a one (1) time right of first offer with respect to the Additional Premises whereby, Landlord shall be required to give written notice to Tenant of the rentable square footage of the Additional Premises which is then available for lease to Tenant, the rental rate (which shall be the Market Rental Value for such space) and other material terms upon which Landlord is willing to lease the Additional Premises ("Landlord's Lease Notice"). Landlord's Lease Notice shall constitute an offer to lease the Additional Premises to Tenant at the rental rate and upon the terms and conditions contained in Landlord's Lease Notice and shall state the anticipated date of availability of the Additional Premises. Tenant shall have ninety (90) business days after receipt of Landlord's Lease Notice to accept such offer. Tenant shall accept such offer, if at all, only by delivering to Landlord Tenant's irrevocable written commitment to lease the Additional Premises at the rental rate (which shall be the Market Rental Value for such space) and upon the terms and conditions contained in Landlord's Lease Notice (the "Expansion Commitment").

(b) If Tenant delivers to Landlord the Expansion Commitment within such ninety (90) business day period, all (but not part) of the Additional Premises described in the Landlord's Lease Notice shall be leased to Tenant commencing on the earlier of (a) the date Tenant first uses the Additional Premises for the Permitted Use; or (b) thirty (30) days after Landlord provides Tenant with possession of the Additional Premises and continuing for a period of time coterminous with the remaining Term, including any options to extend the Term. Tenant shall lease the Additional Premises upon the same terms, conditions and covenants as are contained in the Lease except that (i) the Base Rent for the Additional Premises shall be at the rate set forth in Landlord's Lease Notice (which shall be the Market Rental Value for such space), and (ii) any terms and conditions set forth in Landlord's Lease Notice that are inconsistent with the terms and conditions of the Lease shall control.

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

(d) Time is of the essence with respect to the exercise by Tenant of its rights granted hereunder. In the event Tenant fails to deliver to Landlord Tenant's Expansion Commitment within the ninety (90) business day period prescribed above, all rights of Tenant to lease the Additional Premises shall terminate and Landlord shall have no further obligation to notify Tenant of any proposed leasing of any of the Additional Premises, and Landlord shall thereafter have the unconditional right to lease the Additional Premises to third parties or to accept offers from third parties to lease any of the Additional Premises without further obligation to Tenant. The rights granted to Tenant under this Section 34 shall not apply to any sales or similar transfers of the Additional Premises.

[Signatures on the following page.]

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

LANDLORD:

OMNINET FREEWAY LP,
a Delaware limited partnership

By: Omninet Freeway GP, LLC,
A California limited liability company
Its: General Partner

By: 

Michael Danielpour
Manager of General Partner

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____

John T. Cooke
Assistant Chief Executive Officer

ATTEST:

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

By: _____

Deputy

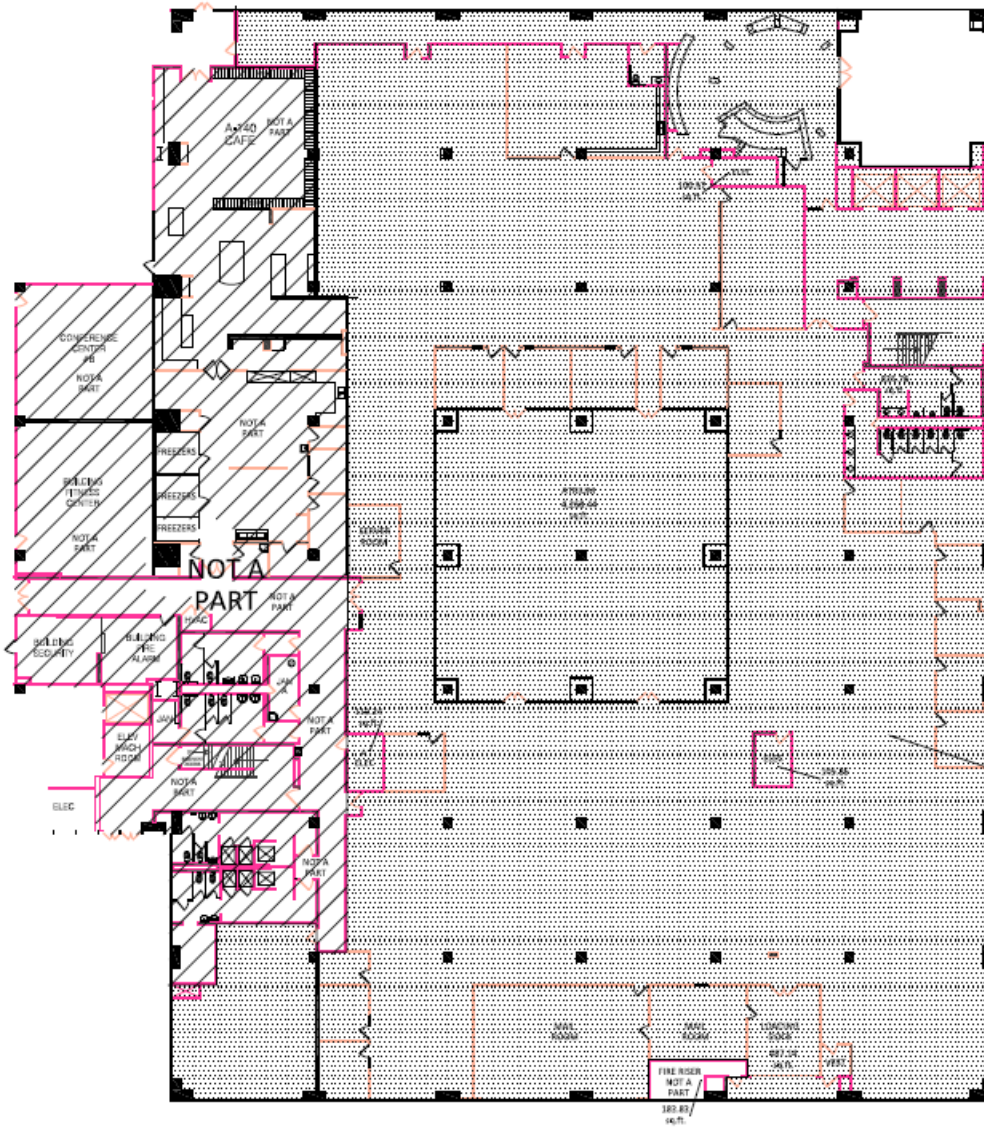
APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By: 

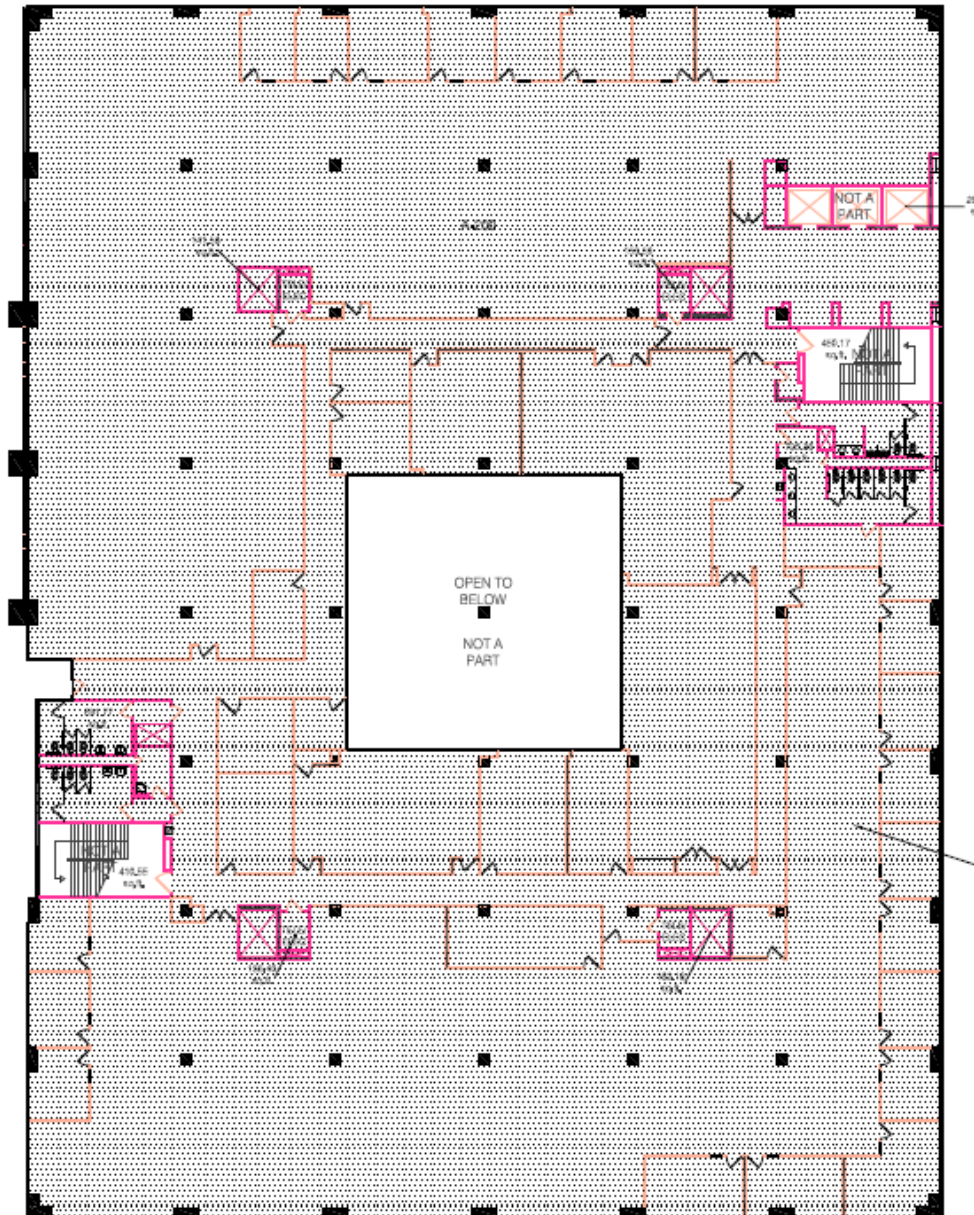
Senior Deputy

First Floor - POD "A"



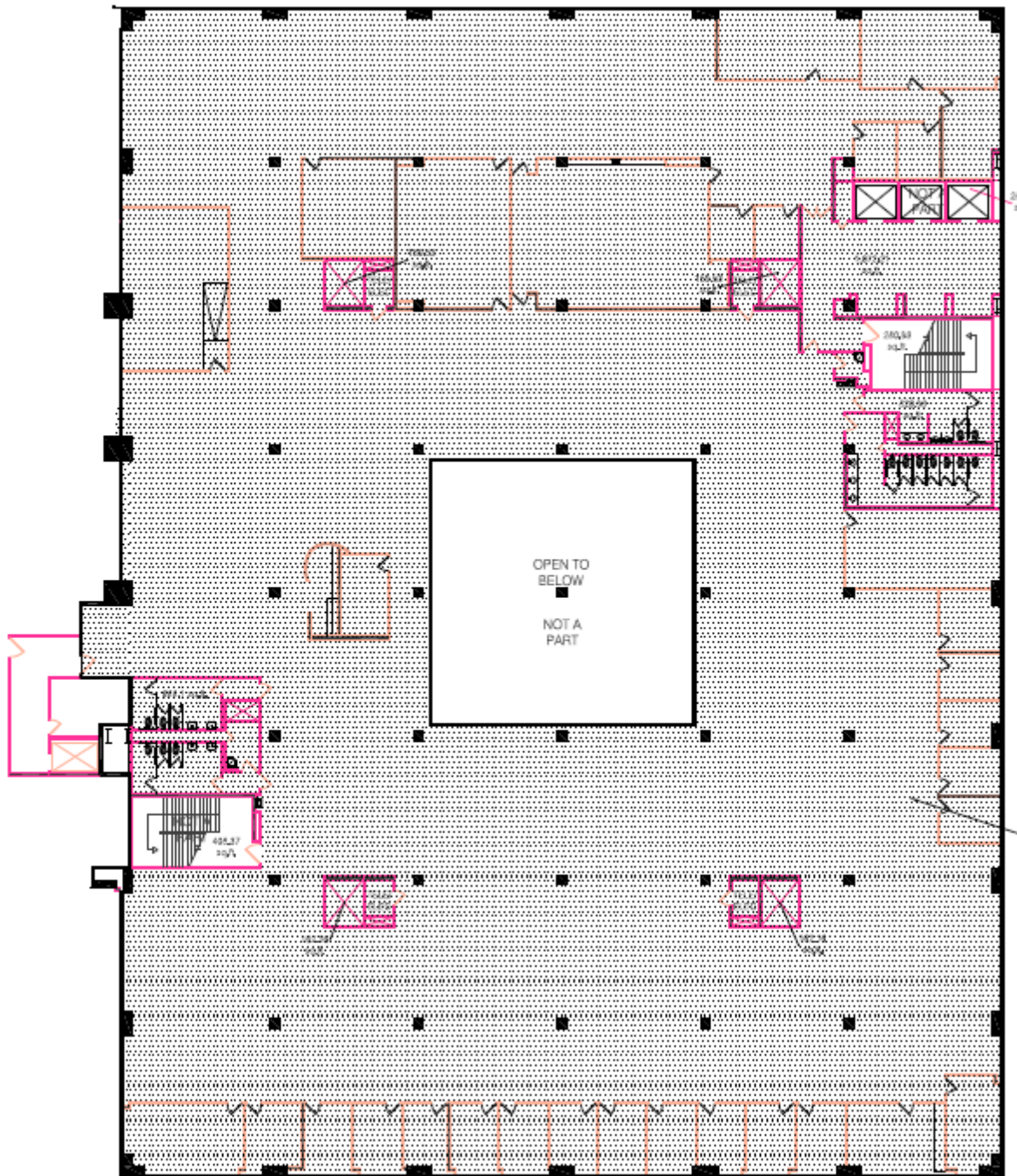
FLOOR PLAN OF PREMISES

Second Floor - POD "A"

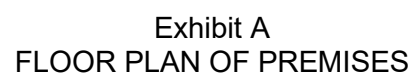


FLOOR PLAN OF PREMISES

Third Floor - POD "A"



Fourth Floor –POD “A”



FLOOR PLAN OF PREMISES

Third Floor – POD “B”

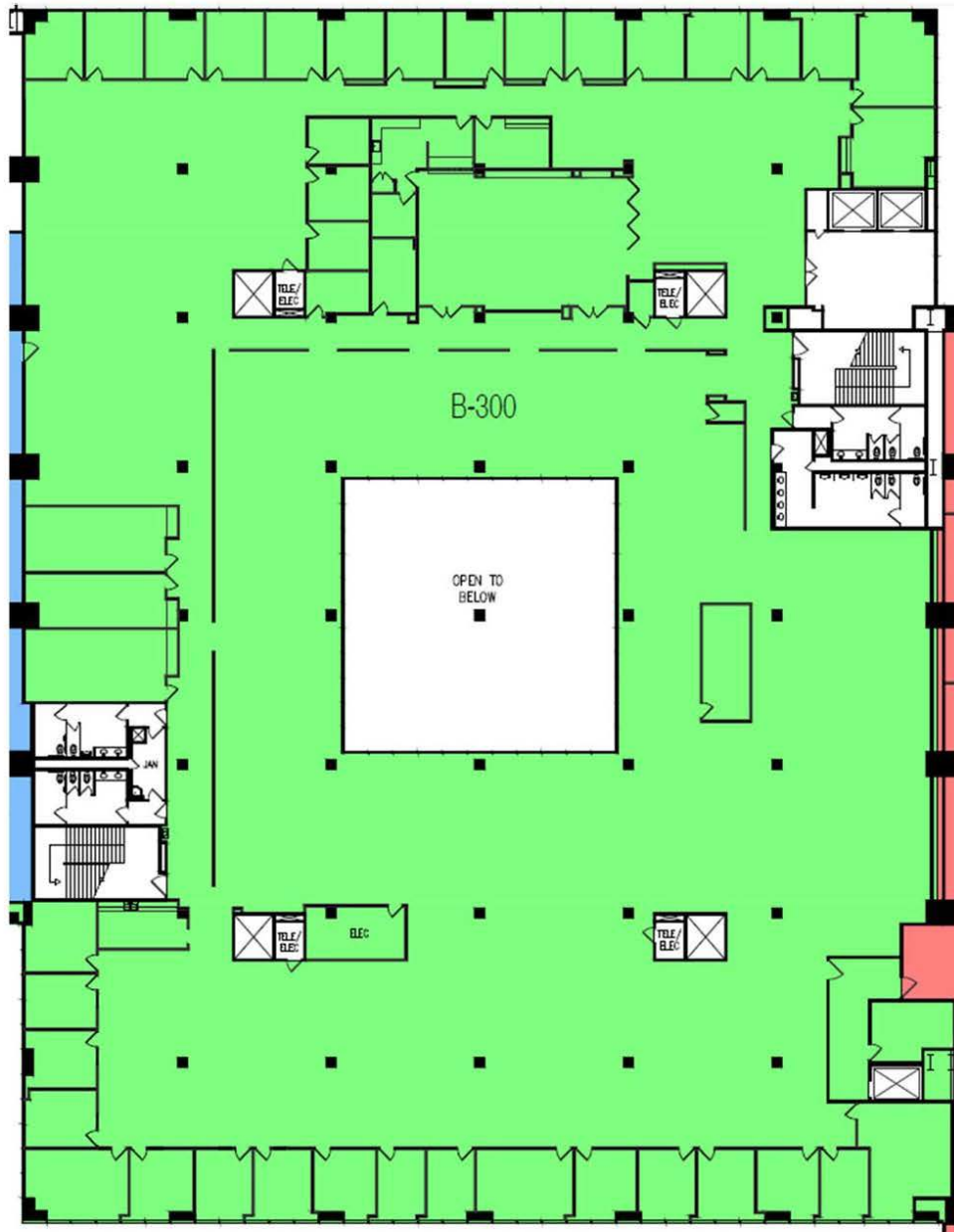


EXHIBIT B

**COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS FOR PREMISES A**

Reference is made to that certain Lease Agreement ("Lease") dated _____, 20__, between County of Los Angeles, a body corporate and politic ("Tenant"), and OMNINET FREEWAY, LP, a Delaware limited partnership ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises known as Premises A, in the building located at 1500 Hughes Way, POD "A", Long Beach, California 90810 ("Premises"),

Landlord and Tenant hereby acknowledge as follow:

- 1) Landlord delivered possession of the Premises A to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- 2) Tenant has accepted possession of the Premises A and now occupies the same;
- 3) The Lease for Premises A commenced on _____ ("Premises A Commencement Date");
- 4) The Premises A contain _____ rentable square feet of space; and

For clarification and the purpose of calculating future rental rate adjustments for Premises A

- 5) Base Rent per month is _____.
- 6) The Base Index month is _____.
- 7) The Base Index is _____.
- 8) The first New Index month is _____.

IN WITNESS WHEREOF, this memorandum is executed this _____ day of _____, 20__.

Tenant:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Officer

Landlord:

OMNINET FREEWAY, LP,
a Delaware limited partnership

By: Omninet Freeway GP, LLC,
A California limited liability company
Its: General Partner

By: _____
Michael Danielpour
Manager of General Partner

**COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS FOR PREMISES B**

Reference is made to that certain Lease Agreement ("Lease") dated _____, 20__, between County of Los Angeles, a body corporate and politic ("Tenant"), and OMNINET FREEWAY, LP, a Delaware limited partnership ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain Premises B in the building located at 1500 Hughes Way, POD "A", Long Beach, California 90810 ("Premises"),

Landlord and Tenant hereby acknowledge as follow:

- 1) Landlord delivered possession of the Premises B to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- 2) Tenant has accepted possession of the Premises B and now occupies the same;
- 3) The Lease for Premises B commenced on _____ ("Premises B Commencement Date");
- 4) The Premises B contain _____ rentable square feet of space; and

For clarification and the purpose of calculating future rental rate adjustments for Premises B

- 5) Base Rent per month is _____.
- 6) The Base Index month is _____.
- 7) The Base Index is _____.
- 8) The first New Index month is _____.

IN WITNESS WHEREOF, this memorandum is executed this _____ day of _____, 20__.

Tenant:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

Landlord:

OMNINET FREEWAY, LP,
a Delaware limited partnership

By: _____
Michael Danielpour
Manager of General Partner

By: _____
John T. Cooke
Assistant Chief Executive Officer

**COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS FOR PREMISES C**

Reference is made to that certain Lease Agreement ("Lease") dated _____, 20__, between County of Los Angeles, a body corporate and politic ("Tenant"), and OMNINET FREEWAY, LP, a Delaware limited partnership ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain Premises C in the building located at 1500 Hughes Way, POD "A", Long Beach, California 90810 ("Premises"),

Landlord and Tenant hereby acknowledge as follow:

- 1) Landlord delivered possession of the Premises C to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- 2) Tenant has accepted possession of the Premises C and now occupies the same;
- 3) The Lease for Premises C commenced on _____ ("Premises C Commencement Date");
- 4) The Premises C contain _____ rentable square feet of space; and

For clarification and the purpose of calculating future rental rate adjustments for Premises C

- 5) Base Rent per month is _____.
- 6) The Base Index month is _____.
- 7) The Base Index is _____.
- 8) The first New Index month is _____.

IN WITNESS WHEREOF, this memorandum is executed this _____ day of _____, 20__.

Tenant:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Officer

Landlord:

OMNINET FREEWAY, LP,
a Delaware Limited Partnership

By: Omninet Freeway GP, LLC,
A California limited liability company
Its: General Partner

By: _____
Michael Danielpour
Manager of General Partner

**COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS FOR PREMISES D**

Reference is made to that certain Lease Agreement ("Lease") dated _____, 20__, between County of Los Angeles, a body corporate and politic ("Tenant"), and OMNINET FREEWAY, LP, a Delaware limited partnership ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain Premises D in the building located at 1500 Hughes Way, POD "B", Long Beach, California 90810 ("Premises"),

Landlord and Tenant hereby acknowledge as follow:

- 9) Landlord delivered possession of the Premises D to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- 10) Tenant has accepted possession of the Premises D and now occupies the same;
- 11) The Lease for Premises D commenced on _____ ("Premises D Commencement Date");
- 12) The Premises D contain _____ rentable square feet of space; and

For clarification and the purpose of calculating future rental rate adjustments for Premises D

- 13) Base Rent per month is _____.
- 14) The Base Index month is _____.
- 15) The Base Index is _____.
- 16) The first New Index month is _____.

IN WITNESS WHEREOF, this memorandum is executed this _____ day of _____, 20__.

Tenant:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

Landlord:

OMNINET FREEWAY, LP,
a Delaware Limited Partnership

By: Omninet Freeway GP, LLC,
A California limited liability company
Its: General Partner

By: _____
John T. Cooke
Assistant Chief Executive Officer

By: _____
Michael Danielpour
Manager of General Partner

EXHIBIT C

HEATING, VENTILATION AND AIR CONDITIONING

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

EXHIBIT D

CLEANING AND MAINTENANCE SCHEDULE

A. DAILY (Monday through Friday)

1. Carpets vacuumed.
2. Composition floors dust-mopped.
3. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
4. Waste baskets, other trash receptacles emptied.
5. Chairs and waste baskets returned to proper position.
6. Fingerprints removed from glass doors and partitions.
7. Drinking fountains cleaned, sanitized and polished.
8. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
9. Bulb and tube replacements, as required.
10. Emergency exit signage and egress battery replacement (if applicable)
11. Graffiti expunged as needed within two working days after notice by Tenant
12. Floors washed as needed.
13. Standard kitchen/lunchroom/restroom supplies replenished, including, but, not limited to, paper supplies and soap.
14. Non-exclusive day porter service from 7:00 a.m. to 6:00 p.m., Monday through Friday.

B. WEEKLY

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

C. MONTHLY

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

- 20. Picture moldings and frames dusted.
- 21. Wall vents and ceiling vents vacuumed.
- 22. Carpet professionally spot cleaned as required to remove stains.

D. QUARTERLY

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

E. SEMI-ANNUALLY

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

F. ANNUALLY

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

G. AS NEEDED

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

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

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

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

38. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence") except for touch-up paint as provided in Paragraph 6.C. of this Exhibit E. The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute an Occurrence for the purpose of determining the frequency of this work.

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

H. GENERAL

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

EXHIBIT E

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

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

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

)
)
)
)
)
)
)

Space above for Recorder's Use

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

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

This Subordination, Non-disturbance and Attornment Agreement ("Agreement") is entered into as of the ____ day of _____, 20__ by and among COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant"), [*Insert name of Landlord*], ("Borrower") and [*Insert name of Lender*], ("Lender").

Factual Background

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

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

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

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

Agreement

Therefore, the parties agree as follows:

1. Subordination. The lien of the Deed of Trust and all amendments, modifications and extensions thereto shall be and remain at all times a lien on the Property prior and superior to the Lease, except that if Tenant is granted any option to extend the Term of the Lease, right of first offer to lease additional premises or option to purchase the Property or right of first offer to purchase the Property in the Lease, such provisions shall not be affected or diminished by any such subordination.

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

3. Non-disturbance. The enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby.

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

5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not:

(a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease, including Borrower, unless such act or omission continues after the date that Lender or Purchaser succeeds to the interest of such prior landlord; or

(b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease, unless resulting from a default or breach by such prior landlord which continues after Lender or Purchaser succeeds to the interest of such prior landlord; and provided that any offsets deducted by Tenant prior to the date that Lender or Purchaser succeeds to the interest of such prior landlord shall not be subject to challenge; or

(c) be bound by any prepayment by Tenant of more than one (1) month's installment of rent, unless the Lease expressly requires such prepayment; or

(d) be obligated for any security deposit not actually delivered to Purchaser; or

(e) be bound by any modification or amendment of or to the Lease which materially increases Landlord's obligations under the Lease or materially decreases Tenant's obligation under the Lease, unless Lender has approved such modification or amendment in writing, which approval shall not be unreasonably withheld, conditioned or delayed.

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

To Lender: _____

To Borrower: Omninet Freeway, LP
9420 Wilshire Blvd., 4th Floor
Beverly Hills, CA 90212
Attention: Michael Danielpour

With a copy to:

Omninet Property Management, Inc.
9420 Wilshire Blvd., 4th Floor
Beverly Hills, CA 90212
Attention: Commercial Operations

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:

OMNINET FREEWAY LP,
a Delaware limited partnership

By: Omninet Freeway GP, LLC,
A California limited liability company
Its: General Partner

By: _____
Michael Danielpour
Manager of General Partner

LENDER: *[Insert name of Lender],*

By: _____
Name: _____
Title: _____

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

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

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

personally appeared _____,
Name of Signer(s)

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

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

WITNESS my hand and official seal.

Signature (Seal)

EXHIBIT F
TENANT ESTOPPEL CERTIFICATE

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

Attn: _____

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

County of Los Angeles ("Tenant") hereby certifies that, to its actual knowledge, as of the date hereof:

1. Tenant is the present holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.

2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

 (b) The current Rent is set forth above.

 (c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.

 (d) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

 (e) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified changed, altered or amended, except as set forth in Exhibit A, and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

[(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.]

(c) Tenant's interest in the Lease has not been assigned or encumbered.

(d) Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease, except as set forth in the Lease.

(e) No rental payments have been made more than one (1) month in advance.

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

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

COUNTY OF LOS ANGELES,
a body corporate and politic

By: _____
Name: _____
Title: _____

EXHIBIT G

COMMUNITY BUSINESS ENTERPRISE FORM

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

I. Minority/Women Participation in Firm (Partners, Associate Partners, Managers, Staff, etc.)						
1. Firm Name:				3. Contact Person/Telephone Number:		
2. Address:						
				4. Total number of employees in the firm:		
5. Provide the number of all minority	Owners, Partners and		Managers		Staff	
	All O.P. &	Women	All	Women	All Staff	Women
Black/African American						
Hispanic/Latin American						
Asian American						
Portuguese American						
American Indian/Alaskan						
All Others						
II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM						
1. Type of Business Structure: (Corporation, Partnership, Sole Proprietorship, Etc.) _____						
2. Total Number of Ownership/Partners.			III. MINORITY/WOMEN-OWNED FIRM CERTIFICATION			
3. Provide the percentage of	All Empl	Wome	Is your firm currently certified as a minority owned business firm by the: State of California? <input type="checkbox"/>			
Black/African			Yes <input type="checkbox"/> No <input type="checkbox"/>			
Hispanic/Latin			City of Los Angeles <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>			
Asian American			Section D. OPTION TO PROVIDE REQUESTED INFORMATION			
Portuguese American			<input type="checkbox"/> We do not wish to provide the information required in this form.			
American						
All Others						


	Firm Name: _____
	Signature/Title: _____

EXHIBIT H

MEMORANDUM OF LEASE

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

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

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

MEMORANDUM OF LEASE

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

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

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

Dated: _____, 20__.

LANDLORD: _____

By: _____
Its: _____

By: _____
Its: _____

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Officer

ATTEST:

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

By: _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By: _____
Senior Deputy

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

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, before me,

_____ Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")
personally appeared _____,
Name of Signer(s)

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

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

WITNESS my hand and official seal.

Signature (Seal)

EXHIBIT I
LANDLORD'S WORK LETTER

LANDLORD'S WORK LETTER

For

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

COUNTY OF LOS ANGELES, as Tenant

OMNINET FREEWAY, LP, as Landlord

1500 HUGHES WAY

POD "A" AND A PORTION OF POD "B"

LONG BEACH, CALIFORNIA

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease Agreement (the "Lease") dated _____, 2023, executed concurrently herewith, by and between OMNINET FREEWAY, LP, a Delaware limited partnership, as Landlord, and COUNTY OF LOS ANGELES, a body corporate and politic, as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

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

- | | |
|---|---|
| (a) <u>Total TI Costs</u> | \$36,334,725 (i.e., \$175 per rentable square foot of the Premises) |
| (i) <u>Landlord's TI Allowance</u> | \$12,457,620 (i.e., \$60 per rentable square foot of the Premises) |
| (ii) <u>Tenant's TI Contribution</u> | \$23,877,105 (i.e., \$115 per rentable square foot of the Premises) |
| (b) <u>Refurbishment Allowance</u> | Up to \$4,152,540 (i.e., \$20.00 per rentable square foot of the Premises. |
| (c) <u>TI Amortization Rate and Change Authorization Amortization Rate:</u> | Not applicable |
| (d) <u>Tenant's Work Letter Representative</u> | An assigned staff person of the Chief Executive Office-Real Estate Division |
| (e) <u>Landlord's Work Letter Representative</u> | William Molina or an assigned staff person of the Landlord |
| (f) <u>Landlord's Address for Work Letter Notices</u> | OMNINET FREEWAY, LP
9420 Wilshire Blvd, Fourth Floor
Beverly Hills, CA 90212
Email: williamm@omninet.com |

With a copy to:

OMNINET FREEWAY, LP
9420 Wilshire Boulevard, Suite 400
Beverly Hills, California 90212
Attention: Michael Danielpour

And to:

Omninet Property Management, Inc.
9420 Wilshire Boulevard, Suite 400
Beverly Hills, California 90212
Attention: Commercial Operations

(g) Tenant's Address for Work Letter
Notices

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

(g) Addenda

Addendum A: Base Building
Improvements
Addendum B: Tenant Improvements
Addendum C: Form of Preliminary and
Final TI Cost Summary

2. Construction of the Building.

2.1 Base Building Improvements. Landlord has constructed or shall construct the base building improvements described on Addendum A hereto (the "Base Building Improvements") as a part of the Building. If the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall not be considered Tenant Improvements (as defined below) unless such changes or additions are specifically described in Addendum B hereto.

2.2 Additional Costs Not Total TI Costs.

(a) If the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the Americans with Disabilities Act of 1990 (ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred if the Building had been in compliance with such codes, then such costs shall not be included in the calculation of Total TI Costs (as defined below), and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or to make existing building systems, including but not limited to electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Total TI Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) code compliance work required for the existing fire sprinkler system including pump house, main lines or other portion of the existing fire sprinkler system located outside of the Premises, however, any modification or upgrade of the fire sprinkler system located within the Premises (as opposed to outside of the Premises) required to accommodate the Tenant Improvements shall be included as part of the Tenant Improvement Costs, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order

to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease, nor (v) supervision or overhead costs of Landlord.

(c) Landlord shall be solely responsible for all costs and expenses necessary to increase and / or, maintain existing structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses. If Tenant's floor loading requirements exceeds the structural floor loading capacity of the Building, then all costs of increasing the floor loading shall be included as a Total TI Cost.

(d) Tenant shall have the right at any time prior to the Premises A Commencement Date to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-2017, Method A, as promulgated by the Building Owners and Management Association ("BOMA") International, except that no penthouse mechanical room space shall be included in the measurement. A copy of such measurement report shall be delivered to Landlord. Landlord and Tenant hereby agree there will be no modification made to the Base Rent if the remeasured square footage exceeds or is less than the amount set forth in Section 1.1(c) of the Lease. The cost of such measurement shall be a Total TI Cost.

2.3 Base Building Plans. Landlord has delivered to Tenant complete and accurate "as built" plans and specifications for the Building in an AutoCAD 2015 (or later version) and Adobe PDF electronic format. If Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, then any delay caused thereby shall not be a Tenant Delay (as defined below), but shall be deemed to be a delay caused by Landlord, and Landlord shall pay for any increased costs caused by such delay.

2.4 Survey. Where 'as-built' plans are missing, Landlord must perform a survey of existing space, which shall include existing floor plans and mechanical, electrical, and plumbing systems. The survey shall be at Landlord's sole cost and expense. Landlord shall submit such survey to the Tenant such that the initial Space Plan (as defined in Section 5.1) can be modified to conform to the existing conditions.

3. Selection of Architect and Engineer. Landlord shall not proceed with any bid solicitation for architectural services until final space plan is furnished to the Landlord. Once Landlord receives the final space plan, Landlord shall promptly solicit at least three (3) proposals from qualified licensed architects and engineers familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings (as defined below). Landlord and Tenant shall receive the bids contemporaneously from each of the (3) bidders and shall meet within five (5) business days of receiving the bids to jointly review the bids. Landlord shall select an architect and an engineer, subject to Tenant's acceptance, which shall not be unreasonably withheld, and which acceptance (or rejection for reasonable reasons) shall be granted within five (5) business days after Landlord has submitted the name of the selected architect and the selected engineer to Tenant, together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until Tenant accepts an architect (the "Architect") and an engineer (the "Engineer"), and Tenant's written acceptance has been delivered to and received by Landlord.

4. Selection of Contractor. The Final Plans (as defined below) and a proposed construction contract accepted by Tenant shall be submitted to a sufficient number of qualified contractors, selected by Landlord, so that a minimum of three (3) bids are received. Each

contractor shall be requested to submit a sealed fixed price contract bid price (on an American Institute of Architects (AIA) form) to construct the Tenant Improvements depicted on the Final Plans. Landlord and Tenant shall receive the bids contemporaneously from each of the (3) bidders, and shall meet within five (5) business days of receiving the bids to jointly review the bids. Landlord shall select the most qualified bidder offering the lowest price after adjustments for inconsistent assumptions, and Landlord shall submit all bids, along with Landlord's recommendation, to Tenant for Tenant's review and acceptance. Following Tenant's acceptance, Landlord shall enter into a construction contract (the "Construction Contract") with the lowest qualified bidder (the "Contractor") to construct the Tenant Improvements, consistent with the terms of the accepted bid.

5. Preparation of Plans and Specifications and Construction Schedule.

5.1 Preparation of Space Plan. Concurrently with the execution of this Lease, Tenant shall submit to Landlord specifications for the Premises, which shall include a space plan, and when available, low voltage and furniture plans and shall depict, without limitation, all demising walls, corridors, entrances, exits, doors, and interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (collectively, the "Space Plan").

5.2 Preparation and Review of Working Drawings. Within thirty (30) days after the date the Space Plan is submitted to Landlord (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of working drawings (the "Working Drawings"), which shall (a) be consistent with the Space Plan and the Preliminary TI Cost Summary (as defined below), (b) be compatible with the design, construction and equipment of the Building, (c) comply with all applicable laws, (d) be capable of physical measurement and construction, (e) contain all information required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and (f) include all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times provided that a schedule to submit the Working Drawings is provided to, and approved by, the Tenant. Landlord shall provide Tenant the Working Drawings, or such portion thereof as has been submitted, for Tenant's review and acceptance. Landlord shall be solely responsible for ensuring that the Working Drawings fully comply with all applicable building codes and cover any expenses that result from the errors, omissions or inconsistencies in the Architect's Instruments of Service.

5.3 Preparation and Review of Engineering Drawings. As part of the Total TI Costs, Landlord shall cause the Architect to coordinate with the Engineer and to integrate all engineering drawings prepared by the Engineer, including but not limited to complete mechanical, electrical, HVAC and plumbing plans ("Engineering Drawings"), into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review and acceptance.

5.4 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has accepted the Engineering Drawings, Landlord shall, as part of the Total TI Costs, cause the Architect to integrate the accepted Working Drawings with the accepted Engineering Drawings (collectively "Final Plans") and deliver the Final Plans to Tenant for Tenant's review in an AutoCAD 2015 (or later version) and Adobe PDF electronic format via a downloadable web based link. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent

with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements), power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements. Landlord's review of the Space Plan, Working Drawings, Engineering Drawings, and Final Plans shall be at Landlord's sole cost and expense.

5.5 Tenant's Plan Review and Acceptance. Tenant shall accept or reject the Working Drawings, the Engineering Drawings and the Final Plans within twenty-one (21) calendar days after Tenant receives the applicable plans and drawings from Landlord. If Tenant rejects any such plans or drawings, then Tenant shall notify Landlord thereof, specifying in detail the reason for such rejection, in which case Landlord shall revise the applicable plans or drawings and deliver revised plans or drawings to Tenant within fourteen (14) calendar days after receipt of Tenant's rejection notice. This procedure shall be repeated until the applicable plans are accepted by Tenant. Tenant's acceptance of the Working Drawings, Engineering Drawings and/or the Final Plans shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.

5.6 Schedule. Within thirty (30) calendar days of the Plan Submission Date, Landlord shall submit to Tenant a detailed baseline construction schedule, subject to acceptance by Tenant, which shall not be unreasonably withheld, setting forth the completion dates of certain project milestones, including but not limited to completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of the Construction Contract, construction commencement date, interim schedule milestone dates, and the date of Substantial Completion. The schedule shall be apportioned by construction activity and include time required for the completion of each portion of the work. As the construction continues, Landlord shall amend the construction schedule at least once each month to reflect any changes to the projected dates, and Landlord shall promptly submit the revised construction schedules to Tenant.

5.7 Submittals. The Landlord or Contractor shall submit to Tenant any Shop Drawings, Product Data Sheets, Samples or similar submittals required by the Final Plans in coordination with the construction schedule and with reasonable promptness, so as not to cause any delay in the construction of the Tenant Improvements. The purpose of Shop Drawings, Product Data, Samples and similar submittals is to demonstrate the way by which the Contractor proposes to construct a design concept expressed in the Final Plans. "Shop Drawings" include drawings, diagrams, schedules and other data specially prepared by the Contractor or a subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Tenant Improvements. "Product Data Sheets / Samples" include illustrations, summary performance charts, instructions, brochures, diagrams, manufacturer specifications (if available), and other information furnished by the Landlord or Contractor to illustrate materials or equipment for some portion of the Tenant Improvements. "Samples" are physical examples that illustrate materials, equipment or workmanship for some portion of the Tenant Improvements. The Contractor shall construct no portion of the Tenant Improvements for which the Final Plans require submittal and review of Shop Drawings, Product Data, Samples or similar submittals until the respective submittal has been reviewed and accepted by the Tenant.

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

6.1 Cost Summary. Within twenty-one (21) calendar days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary cost summary for the Tenant Improvements in a format similar to Addendum C attached hereto (the "Preliminary TI Cost Summary"), which must not exceed the sum of Landlord's TI Allowance and Tenant's TI Contribution. The Preliminary TI Cost Summary shall be revised into final form within ten (10) days after the date that the Contractor is selected and will be referred to herein as the "Final TI Cost Summary". Tenant shall have fourteen (14) calendar days after the date of receipt of the Final TI Cost Summary to accept or reject the Final TI Cost Summary, including but not limited to any Contractor overhead, profit and/or general conditions costs included therein; provided, however, that any proposed increase to Tenant's TI Contribution shown on the Final TI Cost Summary shall not be effective unless approved by a separate written agreement executed by Landlord and Tenant. Tenant's failure to accept or reject the Final TI Cost Summary in writing within such period shall be deemed to be rejected. Construction of the Tenant Improvements shall not begin until Tenant accepts the Final TI Cost Summary in writing, which approval shall not be unreasonably withheld, conditioned or delayed, and any delay by providing its approval of the Final TI Cost Summary shall extend, on a day for day basis until Tenant provides its approval of the Final TI Cost Summary, the two hundred seventy (270) day time period set forth in Section 4.2 of the Lease. If Tenant rejects the Final TI Cost Summary due to matters related to cost and the Final TI Cost Summary is ten percent (10%) or more higher in cost than projected in the Preliminary TI Cost Summary, then, at Tenant's request, Landlord shall cause the Architect and the Engineer to redesign the Tenant Improvements, at a cost to be deducted from the Total TI Costs, to comply with the Preliminary TI Cost Summary, and any delay caused by the necessity to rebid or redesign the Tenant Improvements shall extend, on a day for day basis until the Tenant Improvements are redesigned and approved by Tenant, the two hundred seventy (270) day time period set forth in Section 4.2 of the Lease. If Tenant rejects the Preliminary TI Cost Summary or the Final TI Cost Summary, the parties shall promptly confer to resolve all issues relating thereto.

6.2 Landlord's TI Allowance and Tenant's TI Contribution. All improvements required by the Final Plans, as further described in Addendum B hereto, and any and all modular furniture described in the Modular Specifications (as defined below) shall be referred to herein, collectively, as "Tenant Improvements" or "TI." Costs of Tenant Improvements shall include costs for furniture, soft costs, telecommunications equipment, if any, and any other costs approved in writing by Tenant (collectively "Total TI Costs"), all of which must not exceed the sum of Landlord's TI Allowance, Tenant's TI Contribution, and the cost of any Change Authorizations (as defined below) that are approved in writing by both parties. Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from Tenant Delays, Force Majeure or Change Authorizations as defined below. Except as otherwise provided herein, all Total TI Costs shall be paid by Landlord and deducted from Landlord's TI Allowance. If the Total TI Costs exceed Landlord's TI Allowance, then Tenant may authorize Landlord to pay the overage in an amount not exceeding Tenant's TI Contribution. Thereafter, Tenant shall pay such overage to Landlord as provided in Section 6.5 below. Notwithstanding any contrary provision contained in the Lease or this Landlord's Work Letter, a portion of Tenant's TI Contribution in an amount equal to \$45.00 per rentable square foot of the Premises ("Furniture Reserve") shall be reserved and used solely for the costs of Tenant's furniture for the Premises. The Furniture Reserve shall be paid upon the terms and conditions set forth in Section 6.5 below.

6.3 Appliances. Landlord shall provide and install ten (10) refrigerators and ten (10) microwaves within the Premises at locations to be determined by Tenant and for Tenant's

exclusive use at a cost not to exceed \$18,750.00, which shall be owned by Tenant and become its personal property. Tenant shall value engineer the appliances, if needed. Tenant shall be responsible, at Tenant's sole cost and expense, for repairing, maintaining and replacing such refrigerators and microwave ovens throughout the Term.

6.4 Landlord's Future Refurbishment Allowance. Following the one hundred twentieth (120th) month of the Term of the Lease, or such earlier date after commencement of the tenth (10th) anniversary of the Premises A Commencement Date that Tenant waives its termination right set forth in Section 4.4 of the Lease (the "Refurbishment Date"), Landlord shall provide a refurbishment allowance up to the amount specified in Section 1 of the Work Letter ("Refurbishment Allowance"). The Refurbishment Allowance shall be used solely for repainting and recarpeting the interior of the Premises ("Refurbishment Work"). The Refurbishment Work shall be performed using Landlord's Building-standard quantities, specifications and materials, which shall be a commercially reasonable standard. Landlord shall be responsible for completing the Refurbishment Work in coordination with the Tenant's assigned Project Manager. The Refurbishment Work must not exceed the sum of the Refurbishment Allowance. The cost of the Refurbishment Work shall be deducted from the Refurbishment Allowance.

Landlord shall coordinate all work in advance and approved by Tenant's PM in writing and all work must be done during afterhours, unless waived by the PM in writing in advance of work commencing.

6.5 Method of Payment.

(a) Payment of the Furniture Reserve. Notwithstanding any contrary provision contained in this Lease, Landlord shall enter into a furniture contract for the benefit of Tenant. The Furniture Reserve shall be paid by Tenant within thirty (30) days following Landlord's delivery of an applicable itemized invoice from the furniture vendor. Landlord shall have the right to deliver furniture invoices to Tenant as frequently as such invoices are delivered by the furniture vendor to Landlord. Landlord shall timely pay the Furniture Reserve to the furniture vendor. Following receipt of payment from Tenant, Landlord shall pay the same amount to the furniture vendor.

(b) Payment of Tenant's TI Contribution. Subject to the terms and conditions of Section 6.5(a), Tenant shall pay Landlord that portion of Tenant's TI Contribution used to pay for any Total TI Costs in excess of the Landlord's TI Allowance in a lump sum, within thirty (30) calendar days following (i) when the Tenant Improvements are Substantially Complete (as defined in the Lease); and (ii) Landlord has provided Tenant with all documentation substantiating all Tenant Improvements expenses, including, without limitation, receipts, invoices, proof of payment, unconditional lien releases and approved change orders.

6.6 Base Rent Credit for Unused Portions of Landlord's TI Allowance. If the Total TI Costs are less than the Landlord's TI Allowance, then the amount of any unused portion of the Landlord's TI Allowance shall be issued by Landlord to Tenant in the form of a check.

7. Construction of Tenant Improvements.

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

7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and material suppliers providing labor and/or materials for the Tenant Improvements shall be selected only after a minimum of three (3) bids have been solicited from responsible and qualified persons. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. Landlord shall also obtain a minimum of three (3) bids from responsible and qualified bidders for the purchase and installation of Tenant's office furniture system, if applicable, in accordance with Section 9.1 below.

7.3 Permits. As part of the Total TI Costs, Landlord shall obtain the approval of all applicable governmental authorities and all permits required for the Tenant Improvements, promptly after Tenant's acceptance of the Final Plans. Landlord shall obtain plan check approval prior to soliciting bids from contractors pursuant to Section 4 hereof. Landlord agrees to submit the Final Plans to plan check for approval within twenty-five (25) days after Tenant's acceptance of the Final Plans. Subject to Force Majeure, Change Authorizations and Tenant Delays, if Landlord does not timely submit the Tenant-accepted Final Plans by the expiration of such twenty-five (25) day period, Tenant shall deliver written notice of such failure to Landlord and if Landlord does not submit the accepted Final Plans to plan check within ten (10) days after receipt of Tenant's written notice, and if as a result of such failure to timely submit the accepted Final Plans to plan check, the Premises A Commencement Date does not occur within two hundred seventy (270) days following the date of Landlord's receipt of the final governmental building permit, then Tenant shall have the right to exercise the remedies set forth in Section 14 below.

7.4 Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within thirty (30) calendar days after the issuance of the necessary permits and governmental approvals. Contractor shall obtain the building permit for the Tenant Improvements prior to the commencement of construction. Thereafter, Landlord shall diligently proceed to construct and complete all Tenant Improvements in a good and workmanlike manner, subject only to any cessation that may be caused by Force Majeure Delays (as defined below) and/or Tenant Delays.

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

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant in compliance with California Civil Code Section 8444.

(b) Decorating Decisions. As part of the Total TI Costs, design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, flooring and base and any other decor selection efforts required by Tenant, shall be provided by Landlord in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Warranties. Landlord shall cause the Contractor to issue a warranty stating that the Tenant Improvements shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of Substantial Completion (as defined in the Lease). Landlord shall require each contractor and subcontractor to provide warranties of like duration in all construction contracts relating to the Tenant Improvements and, upon Tenant's request, Landlord shall assign to Tenant any such warranties relating to the Tenant Improvements.

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

(e) Compliance with Laws. As part of the Total TI Costs, the Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including but not limited to all provisions of the California Labor Code. **Without limiting the generality of the foregoing, construction of the Tenant Improvements shall comply with all applicable laws and regulations, including but not limited to the provisions of the California Labor Code relating to the payment of prevailing wages on public works projects, unless the work is otherwise exempt therefrom pursuant to the California Labor Code. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly wage rate and details pertinent thereto for each craft, classification, or type of workman or mechanic needed for the construction of the Tenant Improvements. Particulars of the current prevailing wage scale, as approved by the Board of Supervisors, which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site.** Notwithstanding the foregoing or any language to the contrary contained herein, the payment of prevailing wages according to the current prevailing wage scale and compliance with applicable prevailing wage statutes shall be required where there is a Tenant's TI Contribution made towards the Total TI Costs of the Tenant Improvements to be performed.

(f) Access During Construction. Tenant shall have the right to conduct site visits to observe progress of the Tenant Improvements during the course of construction. Additionally, pursuant to Section 4.3 of the Lease, Tenant shall be entitled to enter the Premises at least thirty (30) calendar days prior to the Commencement Date, upon receipt of Landlord's prior written consent for the sole purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Landlord and Tenant shall use reasonable good faith efforts to coordinate the work of their respective contractors to achieve timely completion of the Tenant Improvements and Tenant's installation work.

7.6 Completion/Close Out. The Premises shall not be considered Substantially Complete until the Tenant Improvements have been completed in accordance with the Final Plans, subject only to the completion of minor punch-list items that will not interfere with Tenant's use and occupancy of the Premises for Tenant's permitted and intended use under the Lease. Upon Substantial Completion of the Tenant Improvements, Landlord shall notify Tenant in writing and, within ten (10) business days of Tenant's receipt of such notice, Landlord and Tenant shall conduct a "walk-through" inspection of the Premises and prepare a punch-list of known or apparent deficiencies or incomplete work required to be corrected or completed by Landlord. Landlord shall cause all punch-list items to be repaired or completed as soon as possible, but in no event later than thirty (30) days following the walk-through inspection. Punch-list items that are deemed deficiencies, at Tenant's direction, shall be repaired or corrected at Landlord's sole cost and expense. Latent or hidden defects in the Tenant Improvements shall be brought to Landlord's attention promptly upon Tenant's becoming aware of such defects. Landlord, at Landlord's sole cost and expense, shall promptly cause such defects to be repaired following receipt of notice

thereof, and Tenant shall have the same rights with respect thereto as set forth herein for all other punch-list items.

7.7 Conformed Plans. Within sixty (60) days after Substantial Completion of the Tenant Improvements and Landlord's receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted in an AutoCAD 2015 (or later version) format, along with one complete set of plans and specifications Adobe PDF electronic format via USB flash drive and set up of a web-based download link.

8. Requests for Change. Tenant and Landlord may request changes, additions, deletions or substitutions in the Final Plans (each, a "Request for Change"), provided that the requesting party must submit a written request to the other party and that Requests for Change will not be effective unless approved in writing by both Tenant and Landlord ("Change Authorization"). At the time a Request for Change, Landlord shall inform Tenant of the number of days of delay caused by the Change Authorization. The two hundred seventy (270) day period for Landlord to complete the work described in Section 4.2 of the Lease shall be extended on a day for day basis for each day of delay due to the Change Authorization and the Project Commencement Date shall be extended on a day for day basis for each day of delay due to the Change Authorization.

Only the County's Chief Executive Officer or his/her designee is authorized to execute Change Authorizations on behalf of Tenant. If Tenant requests any changes or substitutions to the Tenant Improvements after the Final Plans and the Final TI Cost Summary have been accepted ("Tenant Requested Changes"), then any additional costs related thereto in excess of Landlord's TI Allowance shall be paid by Tenant, provided that Tenant executes a written Change Authorization prior to the performance of the applicable work. Tenant shall be obligated to pay Landlord for the Tenant Request for Change as part of Tenant's portion of Tenant's TI Contribution used to pay for any Total TI Costs in excess of Landlord's TI Allowance as defined in Section 6.3. Such costs shall be paid in a lump sum, within thirty (30) days following the date of Substantial Completion of the Tenant Improvements. Landlord shall only be permitted to request a Change Authorization to the extent required (i) for the issuance of a building permit or other permit for the Tenant Improvements, or (ii) in order to cause the Tenant Improvements to comply with applicable laws. All costs incurred in connection with a Landlord requested Change Authorization shall be part of the Total TI Cost. Landlord shall submit to the Chief Executive Officer or his/her designee with each Request for Change (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Authorizations previously executed, and (iii) an estimate of the number of days by which the construction time will be increased or shortened if the Request for Change is approved. Each Change Authorization must be signed and dated by tenant department, Landlord and the Chief Executive Officer or his/her designee in order to be effective.

9. Furniture System.

9.1 Tenant shall deliver to Landlord within fourteen (14) calendar days after the date of full execution of this Work Letter, modular furniture plans and specifications (the "Modular Specifications"). Based on the Modular Specifications, Landlord and /or Landlord's architect shall prepare a modular furniture specifications bid package for submission to no less than three (3) furniture vendors. The bid package shall be broken down into separate line items for material, delivery, and sales tax, and each furniture item shall be broken down by unit price, quantities, description and specification. Prior to submission for bids, Landlord shall review the bid package

with Tenant, and Tenant shall have the right to accept or reject the bid package. Landlord shall order the modular furniture set forth in the Modular Specifications, and install the same within the Premises, all of which shall be a Total TI Cost, payable by Landlord and/or Tenant as provided in Section 6.2 and Section 6.3 hereof. Tenant's acceptance of any bid package shall not be deemed to be a representation by Tenant as to the adequacy or correctness of any specifications contained therein.

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

(a) The Personal Property shall not become part of the real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage to the Building or the Premises caused by such removal shall be repaired by Creditor.

(b) Landlord must receive written notice from Creditor of any plan by Creditor to remove the Personal Property from the Building.

(c) This Section 9.2 shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord hereby waives any right to gain possession of any of Personal Property during the term of the Lease.

10. Total TI Costs Adjustment and Right to Audit. Within ten (10) business days of the issuance of a Certificate of Occupancy for the Premises, or a final sign-off by the City of Los Angeles building inspector, whichever occurs first, Landlord shall provide to Tenant a statement showing (a) all Total TI Costs in reasonable detail and sorted into the same line items as the Final TI Cost Summary, and (b) the amount of Total TI Costs that is in excess of Landlord's TI Allowance and payable hereunder by Tenant to Landlord. Upon approval of such statement by Tenant, payments by either party pursuant to the Lease and this Work Letter shall be adjusted as appropriate based upon such statement. Tenant shall have the right to audit the Total TI Costs at any time during the first one hundred eighty (180) days after the date of Tenant's Acceptance of the Premises. If the audit shows that Tenant is entitled to a reduction in payments made by Tenant to the Landlord pursuant to this Work Letter, then Tenant shall provide Landlord with a copy of the audit summary for Landlord's review and confirmation. If Landlord confirms that Tenant is entitled to a reduction in the payment, then Landlord shall pay Tenant the amount of any over-payment made by Tenant within thirty (30) calendar days. Landlord shall require the Contractor to include audit provisions in all subcontracts which allow Tenant to audit the subcontractors' books and records with respect to the Tenant Improvements.

11. Telephone/Computer Room and Equipment. As part of the Total TI Costs, Landlord shall complete the telephone equipment room(s), including permanent power and HVAC, in compliance with the Space Plan, Low-Voltage Plan and specifications provided by Tenant, at least thirty (30) calendar days prior to the Estimated Commencement Date. During this thirty (30) day period, the Landlord shall be responsible for the security and protection of any telephone/data equipment delivered to the site prior to the Estimated Commencement Date.

12. Delay.

12.1 Tenant Delays and Force Majeure Delays and Change Authorizations. Except as set forth in this Section 12, Tenant shall not be charged as a result of any delay in the construction of Tenant Improvements. Subject to the provisions of Section 12.2, the Estimated Commencement Date set forth in the Lease and the two hundred seventy (270) day period to complete the Tenant Improvements set forth in Section 4.2 of the Lease shall be extended one (1) day for each day that: (a) Tenant fails or refuses to give authorizations or approvals within the time periods required herein, but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (b) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage, delay in the issuance of building permits or other required governmental approvals, or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)") or (c) Landlord's performance of the work described herein is delayed due to a Change Authorization. Notwithstanding any contrary provision contained herein, any delay of Substantial Completion which is due to or results from delays caused by vendors retained by Tenant to perform work or services required for Substantial Completion, including without limitation, the installation of any of Tenant's any low voltage, telephone or data equipment, then such delays shall also constitute a Tenant Delay.

12.2 Limitations.

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

(b) Mitigation. Tenant Delays and Force Majeure Delays shall delay the Estimated Commencement Date only if Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, efforts which Landlord shall be obligated to make (provided that the additional cost incurred by Landlord due to such efforts does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to the excess).

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only if they are not concurrent with any other Tenant Delay or Force Majeure Delay that is effective hereunder. For example, if fourteen (14) calendar days of Tenant Delays and six (6) calendar days of Force Majeure Delays occur during the same fourteen (14) calendar day period, then the Estimated Commencement Date would be extended by only fourteen (14) calendar days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, then the Estimated Commencement Date would be extended by twenty (20) calendar days.

(d) Change Authorizations. Landlord may not claim that a Tenant Requested Change was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the executed Change Authorization and affects the Critical Path of the Construction Schedule.

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

13. Tenant Remedies. Subject to Force Majeure, Change Authorizations and Tenant Delays, (i) if Landlord does not timely submit the Tenant-accepted Final Plans as set forth in Section 7.3 above, following the expiration of all applicable notice and cure periods set forth in such Section 7.3 above, and if as a result of such failure, the Premises A Commencement Date does not occur within two hundred seventy (270) days following the date of Landlord's receipt of the final governmental building permits granting Landlord the right to perform the work, or (ii) if the Tenant Improvements with respect to the applicable portion of the Premises have not been completed within two hundred seventy (270) days following the date of Landlord's receipt of the final governmental building permit, then Tenant may, at its option:

13.1 Cancel the Lease upon ninety (90) calendar days' prior written notice to Landlord;
or

13.2 Upon sixty (60) calendar days' prior written notice to Landlord, assume the responsibility for constructing and/or completing the Tenant Improvements itself. If Tenant elects to construct or complete the Tenant Improvements itself, then:

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

(b) Base Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for Tenant's administrative costs "Tenant's Total Expense"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five (5) years and deducted from the Base Rent payable under the Lease.

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

14. Representatives.

14.1 Tenant Representative. Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.

14.2 Landlord Representative. Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Work Letter and whose address, for purposes of any notices to be

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

15. Elevator Usage During Move-In. In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements during the early entry period set forth in Section 4.3 of the Lease as part of the Total TI Costs, (a) Landlord shall cause to be made operational a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of two (2) passenger elevators in the elevator bank that services the Premises in order to assist Tenant in the installation of Tenant's fixtures, furniture and equipment. With the exception of Tenant's usage of a temporary construction elevator and hoist, any existing elevator usage provided under this Section 15 shall be at no cost to Tenant.

16. Construction Meetings. During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place that is mutually convenient. An initial construction meeting shall be held within seven (7) calendar days after the date the Contractor is selected. Contractor shall provide minutes of each construction meeting to Tenant within a reasonable time thereafter, but not later than three (3) calendar days after the date of the next construction meeting.

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

18. Miscellaneous. This Landlord Work Letter sets forth the entire understanding and agreement between the Parties with respect to the subject matter of this Landlord Work Letter. This Landlord Work Letter may be amended only in a writing signed by both Parties. Any notice to a party for a breach of this Landlord Work Letter must be delivered in writing per the terms as set forth in Section 30.6 of the Lease. This Landlord Work Letter shall be construed as if jointly drafted by the parties. This Landlord Work Letter will not be effective unless and until signed by both Parties. This Landlord Work Letter will be binding upon, enforceable by and inure to the benefit of the Parties and each of their successors and permitted assigns. Provisions contained in this Landlord Work Letter shall prevail in case of conflict over the terms of the Lease. This Landlord Work Letter is hereby incorporated into and made part of the Lease. All the terms and conditions of the Lease remain in full force and effect, except as expressly indicated otherwise in this Landlord Work Letter. This Landlord Work Letter will become effective as of the Effective Date and shall continue in effect, except to the extent it is amended or terminated in accordance with terms of the Lease.

[Signatures on the following page]

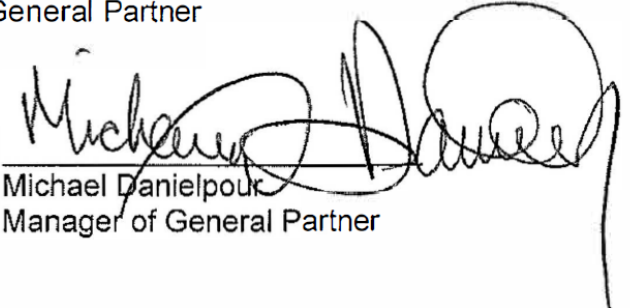
IN WITNESS WHEREOF, Landlord and Tenant have executed this Work Letter as of the dates set forth below.

LANDLORD:

OMNINET FREEWAY, LP,
a Delaware limited partnership

By: Omninet Freeway GP, LLC,
A California limited liability company
Its: General Partner

By:


Michael Danielpour
Manager of General Partner

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By:

John T. Cooke
Assistant Chief Executive Officer

ADDENDUM A To Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

Landlord has constructed the Building to include the following:

(a) the Building shell and exterior, including perimeter window systems, mullions in good condition, with existing anodized metal paint on the window mullions to match, as needed, and roof is watertight. If building has not been constructed or is still under construction, no tenant improvements work shall commence until building has been signed off by the City having jurisdiction and Certificate of Occupancy has been received.

(b) Landlord shall demise the Premises (as required) including any separation of mechanical, electrical, or plumbing, excluding any demising and separation work to separate Premises A, B and C.

(c) Must also include mechanical, electrical, sprinkler, plumbing, Fire life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;

(d) Landlord shall provide the two (2) existing sets of male and female restrooms which are located on each floor of the Premises ("Landlord Restrooms"). Such Landlord Restrooms shall include: Toilet rooms, per code, including necessary plumbing fixtures, counter tops, sinks, and "touchless" faucets, soap dispensers, paper towel dispensers and hand dryers, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water and in coordination with the Tenants assigned CEO Project Manager. The cost of the Landlord Restrooms shall be allocated as follows: the cost of the set of restrooms located closest to the elevator on each floor of the Premises shall be at Landlord's sole cost and the cost of the other set of existing restrooms on each floor of the Premises ("Other Restrooms") shall be shared equally by Landlord and Tenant, with Landlord paying fifty percent (50%) of the cost of such second set of restrooms and Tenant paying its fifty percent (50%) portion at Tenant's sole cost and paid by Tenant as part of Tenant's TI Contribution. Any additional restrooms which Tenant desires to be constructed on each or any floor of the Premises ("Tenant Restrooms") shall be performed by Landlord at Tenant's sole cost and paid by Tenant as part of Tenant's TI Contribution.

(e) Drywall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas, as needed, except at and under windows. Replace, as needed, any missing foil backing for the existing insulation along interior side of the perimeter of the building wall of the Premises.

(f) public stairways, to be taken as is;

(g) passenger and freight elevators are in "good working" order, and renovate the interiors, if needed:

(h) Portion of the parking lot depicted in Exhibit K to the Lease, where Tenant's parking area is located, repaired/repaved as needed, including, in such Tenant's parking area, furnish a new slurry coat and restripe parking spaces for Tenant's and visitor parking areas in compliance with ADA, and ensure that all lights in the Tenant's parking area are in good working order;

(i) Install key card access system, with barrier arm, only at the two existing entrances to Tenant's parking area shown in Exhibit K to the Lease for exclusive use of Tenant's parking area by Tenant's employees; provided, however, any remodeling of the existing access gates for Tenant's parking area and any separation barrier Tenant desires to install to separate its employee parking area from its guest parking area shall be at Tenant's sole cost and paid by Tenant as part of Tenant's TI Contribution;

(j) ground floor lobby, to be taken as is;

(k) finished elevator lobbies (with carpet, lights, finished walls and ceiling), to be taken as is;

(l) Landlord shall be responsible for (i) constructing any common area corridors excluding those needed to separate Premises A, B, and C, (ii) elevator lobbies, to be taken as is, and (iii) Landlord shall refurbish the corridor located the between POD A and POD B with new led lighting, flooring, and paint.

(m) exterior plazas and landscaping and adjust irrigation to spray away from the windows;

(n) loading dock and/or area, to be taken as is;

(o) water bottle filling stations/drinking fountains compliant with ADA at the two separate public lobbies and within the secured office areas of each floor;

(p) electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power in the floor electrical closet;

(q) conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets on floors one, two, three, and four, in which case Landlord, at no cost to Tenant and without deduction from Landlord's TI Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);

(r) two (2) 208/120 and one (1) 480/277 Volt (VAC) panels connected to the Building power system;

(s) mechanical equipment room and existing ducting; provided, however, any new ducting for such mechanical exhaust system shall be Tenant's sole cost and paid by Tenant as part of Tenant's TI Contribution;

(t) concrete floors with troweled finish ready for Tenant's floor finish, level to specified tolerances, including scraping of any existing glue, as needed, in connection with such levelling, and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;

(u) Intentionally Omitted;

(v) primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core with such existing primary HVAC duct to be in working order prior to any modification to accommodate Tenant's specific ducting requirements and provided, further that, the cost of modifying the existing hot and cold air loops and ducting for Tenant's Final Plans and any work needed to cause the existing primary HVAC duct to be in working order for Tenant's Final Plans shall be Tenant's sole cost and paid by Tenant as part of Tenant's TI Contribution;

(w) Intentionally Omitted;

(x) primary fire sprinkler distribution, including existing secondary piping and existing sprinkler heads; provided, however, the cost of modifying the existing secondary piping and existing sprinkler heads shall be Tenant's sole cost and paid by Tenant as part of Tenant's TI Contribution;

(y) primary fire-life safety enunciation system "backbone" and existing panels; provided, however, the cost of modifying the existing panels so as to be suitable for Tenant's secondary distribution shall be Tenant's sole cost and paid by Tenant as part of Tenant's TI Contribution;

(z) access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and

(aa) Drywall on the service core walls, columns and sills in the Premises, as needed.

(bb) Demolition and removal of any existing improvements or equipment situated within the Premises, unless the Final Plans show that such improvements and/or equipment will remain in the Premises;

(cc) Service and repair the three (3) existing flag poles as needed for Tenant's use;

(dd) Landlord to improve the atrium on the first floor in POD A;

(ee) Landlord shall provide and install up to 10 refrigerators and 10 microwaves pursuant to Tenants specifications within the Premises at locations to be determined by Tenant and for Tenants exclusive use at a cost not to exceed \$18,750. Tenant shall value engineer the appliances if needed, and Tenant shall, at Tenant's sole cost, repair, maintain and replace such refrigerators and microwaves during the Term;

(ff) Intentionally Omitted;

(gg) Intentionally Omitted;

(hh) Both sides of window panes facing the Atrium shall be cleaned prior to occupancy;

(ii) Install missing window tint throughout exterior windows of the Premises,

as needed; and

(jj) To the extent not included as part of what is required for Landlord to obtain the building permit for the Tenant Improvements, Landlord shall modify the existing handrail extension, interior guardrails, and warning stripes within the POD "A" Exit Stairwells in the Premises at a cost to be shared equally by Landlord and Tenant.

ADDENDUM B To Landlord's Work Letter

TENANT IMPROVEMENTS

Tenant improvements, to be paid by Tenant as part of Tenant's TI Contribution, shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises including in the Tenant Restrooms (except the floor finishes in the existing elevator lobbies and public corridors on multi-tenant floors and the Landlord Restrooms, but Tenant shall remain responsible for paying fifty percent (50%) of the cost of the Other Restrooms as set forth in subsection (d) of Addendum A attached hereto);
- (c) Interior finishes of any kind within the Premises including in the Tenant Restrooms (except the interior finishes in existing elevator lobbies and public corridors on multi-tenant floors and the Landlord Restrooms, but Tenant shall remain responsible for paying fifty percent (50%) of the cost of the Other Restrooms as set forth in subsection (d) of Addendum A attached hereto);
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- (f) Tenant's furniture, fixtures and equipment, including telephones, data wiring, computers and cabling therefor;
- (g) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity;
- (k) Fiber optic access;
- (l) Construction of new restrooms within the Premises including the Tenant Restrooms, and upgrading of any existing restrooms to comply with applicable code, expressly excluding the Landlord Restrooms, but Tenant shall remain responsible for paying fifty percent (50%) of the cost of the Other Restrooms as set forth in subsection (d) of Addendum A attached hereto;
- (m) Subject to Landlord's reasonable approval on design, Tenant may request Landlord to install, at Tenant expense, to be performed by Landlord as part of the Tenant Improvements, concrete dividers, bollards, fencing or similar devices for separation of Tenant's employee parking spaces from Tenant's visitor parking spaces;

(n) The cost of the Tenant Restrooms and the cost of Tenant's fifty percent (50%) portion of the Other Restrooms as described in Section (d) of Addendum A to this Landlord's Work Letter, above.

ADDENDUM C To Landlord's Work Letter

PRELIMINARY AND FINAL TI COST SUMMARY

____ Preliminary TI Cost Summary
____ Final TI Cost Summary

Lease No. _____
Address _____

Cost Category

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

EXHIBIT J

CONFERENCE ROOM and GYM

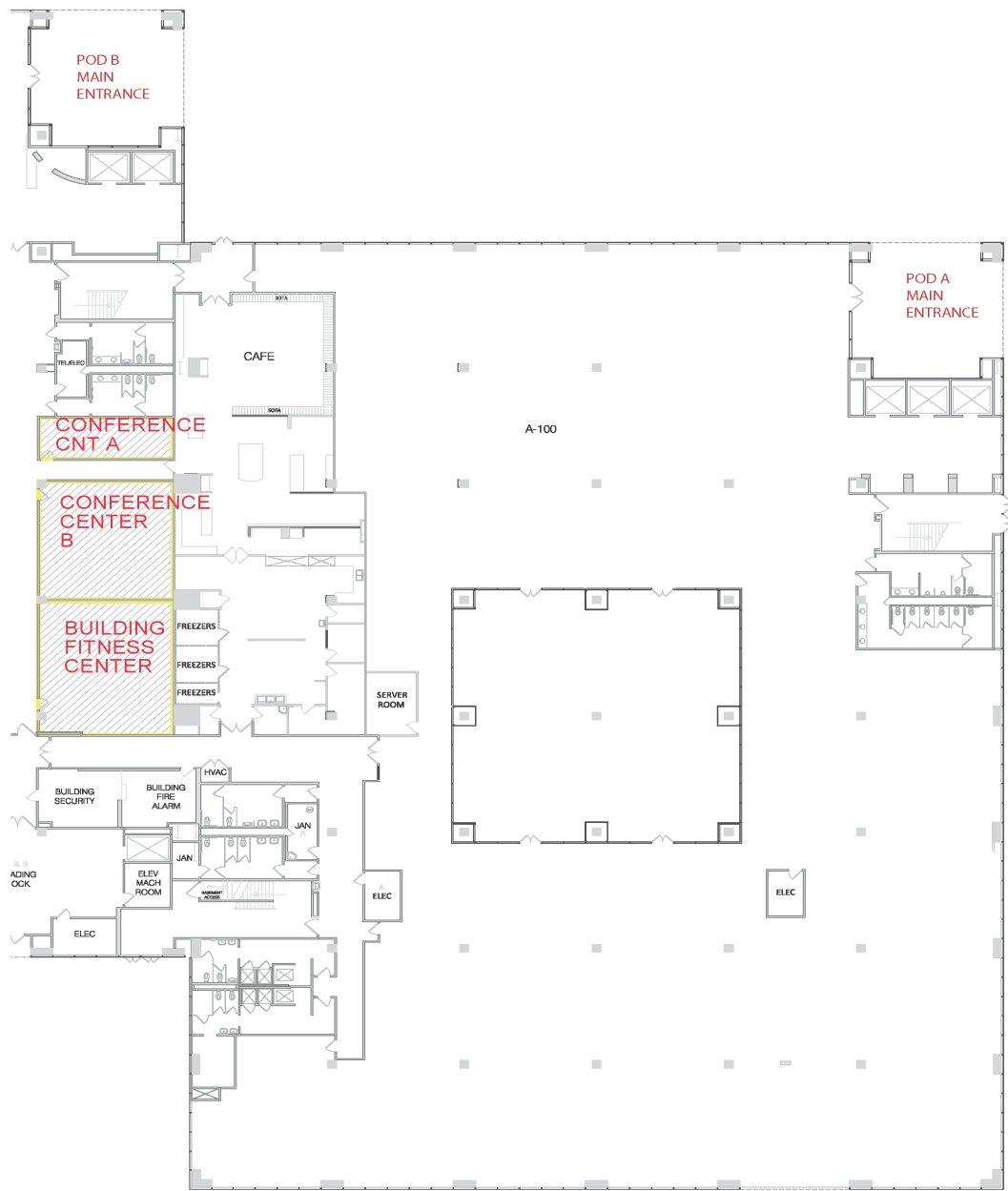
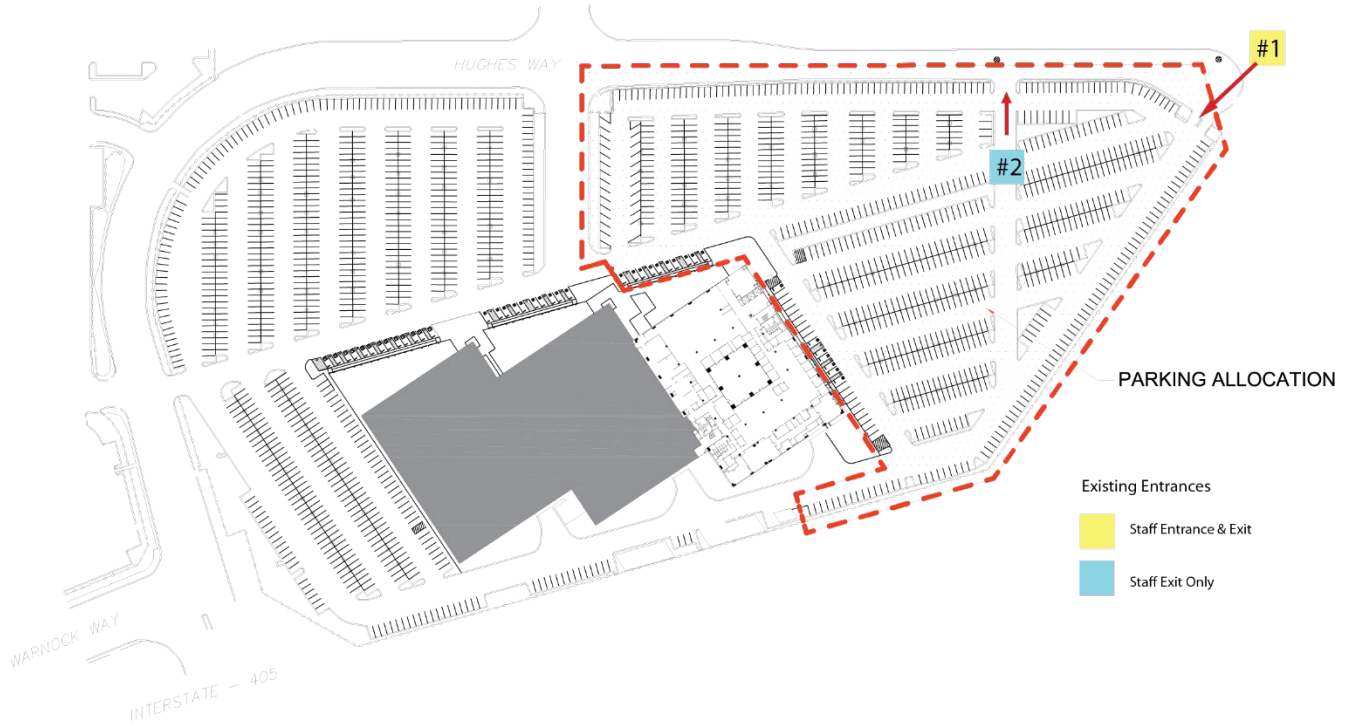


EXHIBIT K
TENANT'S PARKING AREA



BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

CLUSTER AGENDA REVIEW DATE	11/15/2023		
BOARD MEETING DATE	12/5/2023		
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)	Department of Public Health (Public Health)		
SUBJECT	APPROVAL TO AMEND TWO COVID-19 SOLE SOURCE SERVICE CONTRACTS WITH HSO ENTERPRISE SOLUTIONS, LLC; AND ACCENTURE, LLP; TO EXTEND THE CONTRACT TERMS		
PROGRAM	PHIS (Information Systems Services)		
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
SOLE SOURCE CONTRACT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain why: These 2 contracts have been in place since January, 2021 working with Public Health to develop new projects as well as adding enhancements to existing systems and data architecture (Integrated Reporting, Investigation, and Surveillance system, Microsoft Dynamics 365 Online, etc.) Maintaining these partnerships is essential to ensuring continued readiness and response to COVID-19, Monkeypox, and other communicable diseases.		
DEADLINES/ TIME CONSTRAINTS	The Board Letter requesting approval to extend these two contracts is scheduled for the Board meeting on December 5, 2023.		
COST & FUNDING	Total funding: \$875,300	Funding source: Center for Disease Control and Prevention (CDC) Epidemiology and Laboratory Capacity (ELC) Assistance Listing Number (ALN) 93.323	
	TERMS (if applicable): January 1, 2024 through June 30, 2024		
	Explanation: Funding is included in Public Health's Final Adopted Budget fiscal year (FY) 2023-24 and will be included in future FYs as necessary.		
PURPOSE OF REQUEST	To execute amendments to extend 2 IT sole source contracts through June 30, 2024.		
BACKGROUND (include internal/external issues that may exist including any related motions)	Public Health contracted with HSO Enterprise Solutions, LLC, and Public Accenture, LLP, in January 2021 to address the urgent need for COVID-19 application development and data management services to ensure continued readiness in response to the increased spread of COVID-19 in Los Angeles County (LAC)		
EQUITY INDEX OR LENS WAS UTILIZED	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain how: These contracts contribute to Public Health strategic priority of building optimal and equitable health and well-being for the people of LAC, which is to focus on Data Accessibility, Science Excellence, and Innovation. Community health improvement efforts must start with a foundation of accurate, timely and actionable data on health and factors influencing health in the many communities of LAC, and the best available scientific information to inform decisions on how to effectively improve community health and achieve health equity.		
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please state which one(s) and explain how: Board Priority #2: Health Integration / Alliance for Health Integration and Board Priority #5: Environmental Health Oversight and Monitor because there remains a need for Public Health to continue with IT system enhancements to mitigate the impact of the COVID-19 pandemic and increase the County's readiness to respond to other pandemics that may emerge.		
DEPARTMENTAL CONTACTS Name, Title, Phone#, Email	1)David Cardenas, Deputy Director Public Health Phone # (213) 247-5709/ Email: dcardenas@ph.lacounty.gov 2)Patrice Salseda, Principal Deputy County Counsel Government Services Division Phone # (213) 972-5725 / psalseda@counsel.lacounty.gov 3)Joshua Bobrowsky, Public Health Director Government Affairs (213) 288-7871/ jbobrowsky@ph.lacounty.gov		



BARBARA FERRER, Ph.D., M.P.H., M.Ed.
Director

MUNTU DAVIS, M.D., M.P.H.
County Health Officer

ANISH P. MAHAJAN, M.D., M.S., M.P.H.
Chief Deputy Director

313 North Figueroa Street, Room 806
Los Angeles, California 90012
TEL (213) 288-8117 • FAX (213) 975-1273

www.publichealth.lacounty.gov

BOARD OF SUPERVISORS

Hilda L. Solis
First District

Holly J. Mitchell
Second District

Lindsey P. Horvath
Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

December 5, 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:

**APPROVAL TO AMEND TWO COVID-19 IT SOLE-SOURCE SERVICE CONTRACTS WITH
HSO ENTERPRISE SOLUTIONS, LLC; AND ACCENTURE, LLP; TO EXTEND THE
CONTRACT TERMS
(ALL SUPERVISORIAL DISTRICTS) (3 VOTES)**

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

SUBJECT

Request approval to execute amendments to two COVID-19 Information Technology sole source contracts to extend the term effective January 1, 2024, through June 30, 2024; delegate authority to execute amendments that: a) extend the term through December 31, 2024; b) reflect funding adjustments and other related changes; and/or c) suspend and/or terminate the contracts, as necessary.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Director of the Department of Public Health (Public Health), or designee, to execute two sole source contract amendments, substantially similar to Exhibit I, for the continued provision of COVID-19 Information Technology (IT) services to extend the term and increase the amount by \$875,300 from \$4,413,040 to \$5,288,340 for a total increase of \$875,300; effective January 1, 2024 through June 30, 2024 as described in Attachment A; funded by Centers for Disease Control and Prevention (CDC) Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Assistance Listing Number 93.323.

2. Delegate authority to the Director of Public Health, or designee, to execute amendments to the contracts that: a) extend the term through December 31, 2024, at amounts determined by the Director of Public Health; b) allow a no-cost extension to the term through June 30, 2025; c) provide an increase or decrease in funding up to 10 percent above or below the maximum contract sum, and make corresponding service adjustments, as necessary, d) make revisions to the Statement of Work subject to review and approval by County Counsel, and notification to your Board and the Chief Executive Office (CEO).
3. Delegate authority to the Director of Public Health, or designee, to immediately suspend the contract(s) upon issuing a written notice to contractors who fail to perform and/or fully comply with program requirements; to terminate the contract(s) for convenience by providing a 30-calendar day advance written notice to the contractors; and to accept voluntary contract termination notices from contractors.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

On March 4, 2020, the Board declared a local and public health emergency in response to the increased spread of COVID-19 across the country. Throughout the pandemic, under-resourced and disproportionately impacted communities within Los Angeles County (LAC) have seen an exacerbation in existing inequities in chronic conditions, communicable diseases, and other health issues. Public Health extends and expands efforts by implementing a spectrum of services designed to address urgent COVID-19 needs and creating infrastructure for post-pandemic recovery in communities hardest hit by COVID-19.

Despite the decrease in COVID-19 viral transmission, the end of the national Public Health Emergency and the local emergency, as well as the rescinding of Health Officer Orders in the County, there remains a need for Public Health to continue with IT system enhancements to mitigate the impact of the COVID-19 pandemic and increase the County's readiness to respond to other pandemics that may emerge.

Maintaining these partnerships is essential to ensuring continued readiness and response to COVID-19, Monkeypox, and other communicable diseases. At present, Public Health does not have sufficient application development resources to address IT enhancement needs and requests. The current vendors represented in these contracts are familiar with Public Health's existing systems and data architecture (e.g., Integrated Reporting, Investigation, and Surveillance System, Microsoft Dynamics 365 Online, etc.), and have been working with Public Health on developing new projects as well as adding enhancements to existing platforms. Furthermore, having continuity among our IT partners allows Public Health to maintain the same set of standards for existing and new projects. These services include software application design, development, implementation, and production support to ensure continued readiness in response to the spread of COVID-19 in LAC and include COVID-19 case investigation and contact tracing system enhancements, and robotic process automation production support.

Approval of Recommendations 1 will allow Public Health to execute amendments to the sole source contracts listed in Attachment A to extend the terms through June 30, 2024.

Approval of Recommendation 2 will allow Public Health to execute amendments to the contracts to: a) extend the term through December 31, 2024, at amounts determined by the Director of Public Health; b) allow a no cost extension through June 30, 2025; c) provide an increase or decrease in funding up to 10 percent above or below maximum contract sum, and make corresponding service adjustments, as necessary; and/or d) make revisions to the Statement of Work, as necessary, subject to review and approval by County Counsel, and notification to your Board and the CEO.

Approval of Recommendation 3 will allow Public Health to immediately suspend contract(s) with contractors who fail to perform and/or to fully comply with program requirements, to terminate contract(s) for convenience by providing a 30-calendar day advance written termination notice to contractors, and to accept a voluntary contract termination notice from contractors.

Implementation of Strategic Plan Goals

The recommended actions support all three of the strategic plan goals contained in the County of Los Angeles Strategic Plan-Goal I, Make Investments that Transform Lives; Goal II, Foster Vibrant and Resilient Communities; and Goal III, Realize Tomorrow's Government Today.

FISCAL IMPACT/FINANCING

The total cost of the recommended contract amendments is \$875,300 for the period effective January 1, 2024 through June 30, 2024; funded by CDC ELC.

There is no net County cost associated with this action.

Funding is included in Public Health's Final Adopted Budget fiscal year (FY) 2023-24 and will be included in future FYs, as necessary.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On January 30, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a public health emergency of international concern.

On March 4, 2020, the Board declared a local and public health emergency in response to the increased spread of COVID-19 across the country.

On October 13, 2020, the Board of Supervisors delegated authority to the Acting CEO, or designee(s) which includes departments, in consultation with County Counsel, to enter into, execute, amend, and if necessary, terminate, contracts, including sole source, necessary to support the County's continued efforts to assist and address the health, safety, and welfare of

County residents during the COVID-19 pandemic and in compliance with requirements of the federal or state funding source for such contracts.

On March 31, 2023, the Board ended its declaration of the COVID-19 public health emergency in LAC.

As required under Board Policy 5.100, Public Health notified your Board on August 30, 2023, of its intent to request your Board's approval to extend the term of existing sole source contracts with the three COVID-19 IT contractors for the term of January 1, 2024, through June 30, 2024.

CONTRACTING PROCESS

The execution of the sole source contracts referenced in Attachment A was completed under the October 13, 2020, CEO delegated authority to support the County's continued efforts to assist and address the health, safety, and welfare of County residents during the COVID-19 pandemic and to comply with the requirements of the federal or state funding sources supporting each contract.

On September 27, 2022, the Board of Supervisors delegated authority to execute amendments to these COVID-19 community-based outreach services sole source contracts to extend the term through December 31, 2023. Subsequently, Public Health notified your Board that it was exercising delegated authority to execute various amendments to these contracts.

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

County Counsel has reviewed and approved as to form, the amendments under Exhibit. Attachment A identifies the COVID-19 IT Services and Enhancement contracts. Attachment B is the Sole Source Checklist signed by the CEO.

Under this Board letter, Public Health is requesting delegated authority to extend services through June 30, 2024, to complete the activities set forth in these contracts.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will allow Public Health to continue resources and IT applications needed for Public Health to continue COVID-19 pandemic recovery and resiliency

The Honorable Board of Supervisors
December 5, 2023
Page 5

work important to mitigating the impacts of COVID-19 as well as strengthening systems to increase the County's readiness and ability to respond to future pandemics that may emerge.

Respectfully submitted,

Barbara Ferrer, Ph.D., M.P.H., M.Ed.
Director

Peter Loo
Acting Chief Information Officer

BF:dr
#07156

Enclosures

c: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors

Attachment A

COUNTY OF LOS ANGELES - DEPARTMENT OF PUBLIC HEALTH
 COVID-19 INFORMATION TECHNOLOGY (IT) SERVICES AND ENHANCEMENTS

	Contract #	Contractor	Current Contract Amount Jan. 2021- 12/31/23	Increase	Revised Contract Amount Jan. 2021 - 6/30/24
1	PH-004550	HSO Enterprise Solutions, LLC	\$2,483,500	\$479,300	\$2,962,800
2	PH-004529	Accenture LLP	\$1,929,540	\$396,000	\$2,325,540
		Funding Total	\$ 4,413,040	\$ 875,300	\$ 5,288,340

#07156

SOLE SOURCE CHECKLIST

Department Name: Public Health

☐

New Sole Source Contract

☒

Sole Source Amendment to Existing Contract

Date Existing Contract First Approved:

Jan 2021

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

Erika Bonilla
Chief Executive Office

8/30/23

Date

SOLE SOURCE CHECKLISTDepartment Name: Public Health☐

New Sole Source Contract

☒

Sole Source Amendment to Existing Contract

Date Existing Contract First Approved:

Jan 2021

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

Erika Bonilla
Chief Executive Office

8/30/23

Date

Contract No. PH-004450

COUNTY OF LOS ANGELES/ DEPARTMENT OF PUBLIC HEALTH
COVID-19 CASE INVESTIGATION AND CONTACT TRACING SYSTEM
ENHANCEMENTS

Amendment Number 8

THIS AMENDMENT is made and into entered on December 5, 2023,

by and between COUNTY OF LOS ANGELES (hereafter
"County"),
and HSO ENTERPRISE SOLUTIONS, LLC
(hereafter
"Contractor").

WHEREAS, reference is made to that certain document entitled "COVID-19 CASE INVESTIGATION AND CONTACT TRACING SYSTEM ENHANCEMENTS", dated January 6, 2021, and further identified as County Contract Number PH-004450, and any Amendments thereto (all hereafter referred to as "Contract") between County and Contractor; and

WHEREAS, on December 23, 2021, Amendment Number 1 was executed to: 1) update the company name from AKA ENTERPRISE SOLUTIONS, LLC to HSO ENTERPRISE SOLUTIONS, LLC; 2) extend the term through July 5, 2022; 3) increase the Maximum Service Hours to four thousand, one hundred and twenty-five (4,125); 4) increase the Maximum Contract Sum to seven hundred fifty-eight thousand, one hundred and twenty-five dollars (\$758,125); and 5) make other changes to the Contract; and

WHEREAS, on April 20, 2022, Amendment Number 2 was executed to: 1) extend the term of the Contract for six months through January 5, 2023; 2) increase the Maximum Service Hours to four thousand, nine hundred sixty-five (4,965) hours, 3) increase the Maximum Contract Sum to nine hundred thirteen thousand, eight hundred and twenty-five dollars (\$913,825); and 4) make other changes; and

WHEREAS, on June 27, 2022, Amendment Number 3 was executed to increase the Maximum Service Hours to seven thousand, one hundred twenty-five (7,125) hours and the Maximum Contract Sum to one million, three hundred eighteen thousand, one hundred and twenty-five dollars (\$1,318,125); and make other changes; and

WHEREAS, on July 26, 2022, Amendment Number 4 was executed to: 1) update the funding source; 2) increase the Maximum Service Hours to eight thousand, two hundred twenty-five (8,225) hours and increase the Maximum Contract Sum to one million, five hundred twenty-one thousand, and six hundred twenty-five dollars (\$1,521,625); and 3) expand services to combat the Monkeypox outbreak; and

WHEREAS, on January 3, 2023, Amendment Number 5 was executed to: 1) extend the term through April 5, 2023; and 2) increase the Maximum Service Hours to eight thousand, two hundred twenty-five (8,225) hours and increase the Maximum Contract Sum to one million, seven hundred eighty-one thousand, and five hundred dollars (\$1,781,500); and

WHEREAS, on April 4, 2023, Amendment Number 6 was executed to 1) extend the term through July 5, 2023; and 2) increase the Maximum Service Hours to ten thousand, four hundred twenty (10,420) hours and increase the Maximum Contract Sum to two million, fifteen thousand, five hundred dollars (\$2,015,500); and

WHEREAS, on June 2, 2023, Amendment Number 7 was executed to 1) extend the term through December 31, 2023; and 2) increase the Maximum Service Hours to twelve

thousand, five hundred (12,500) hours and increase the Maximum Contract Sum to two million, four hundred eighty-three thousand, and five hundred dollars (\$2,483,500); and

WHEREAS, on **December 5, 2023**, the Board of Supervisors authorized the Director of the Department of Public Health, or designee to execute amendments to COVID-19 sole-source service contracts to extend the term through June 30, 2024; and

WHEREAS the County has been allocated funds from the Centers for Disease Control and Prevention Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), Assistance Listing Number 93.323 or otherwise covered by net County costs; and

WHEREAS, it is the intent of the parties to amend the contract to: 1) extend the term through June 30, 2024; 2) increase the Maximum Service Hours by two thousand one hundred thirty (2,130) to fourteen thousand, six hundred thirty (14,630) hours; 3) increase the Maximum Contract Sum by four hundred seventy- nine thousand, three hundred dollars (\$479,300) from two million, four hundred eighty-three thousand, and five hundred dollars (\$2,483,500) to two million, nine hundred sixty-two thousand, and eight hundred dollars (\$2,962,800) and 4) make other designated changes to the Amendment; and

WHEREAS, the Contractor warrants that it possesses the competence, expertise, and personnel necessary to provide services consistent with the requirements of this contract.

WHEREAS, said Contract is amended in accordance with Section 8.1 (Changes to Contract) by written Amendment which is formally approved and executed by the parties; and

NOW, THEREFORE, the parties agree as follows:

1. This Amendment is effective upon execution for the Term of January 6, 2021, through June 30, 2024.

2. Exhibit B-7, Pricing Schedule, shall each be deleted in its entirety and replaced with Exhibit B-8, Pricing Schedule, respectively, attached hereto and incorporated herein by reference. All references in the Contract to "Exhibit B-7, Pricing Schedule" shall be deemed amended to state "Exhibit B-8, Pricing Schedule", respectively.

3. Paragraph 4.0, **TERM OF CONTRACT**, shall be deleted in its entirety and replaced as follows:

"4.0 TERM OF CONTRACT

The term of this Contract shall commence on January 6, 2021, through June 30, 2024 (hereafter "Term"), unless sooner terminated or extended, in whole or in part, as provided in this Contract."

4. Paragraph 5.0, **CONTRACT SUM**, Subparagraph 5.1, shall be deleted in its entirety and replaced as follows:

"5.1 Maximum Contract Sum

The Maximum Contract Sum under this Contract shall be the total maximum monetary amount payable by the County to the Contractor for supplying all the Services and other work required or requested by the County under this Contract. All work completed by the Contractor must be approved in writing by the County in accordance with Section 3.2 (Approval of Contractor's Work). The

Maximum Contract Sum, including all applicable taxes authorized by the County for the term of this Contract, shall not exceed two million, nine hundred sixty-two thousand, eight hundred dollars (\$2,962,800) as further detailed in Exhibit B-7 (Pricing Schedule) unless the Maximum Contract Sum is modified pursuant to a duly approved Amendment to this Contract in accordance with Section 8.1 (Changes to Contract).

Notwithstanding the foregoing, in the event the Maximum Contract Sum is reached prior to the end of the term of this Contract, the Contractor shall neither be obligated nor able to provide Services that would result in charges exceeding the Maximum Contract Sum absent a duly executed Amendment in accordance with Section 8.1 (Changes to Contract) that would increase the Maximum Contract Sum."

5. Except for the changes set forth hereinabove, all terms and conditions of the Contract remain in full force and effect and shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles as caused this Amendment to be subscribed by its Director of the Department of Public Health and Contractor has caused this Amendment to be subscribed on its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

Barbara Ferrer, Ph.D., M.P.H., M.Ed.
Director

HSO ENTERPRISE SOLUTIONS, LLC
Contractor

By _____
Signature

Stacy Inthisane
Print Name

Title EVP, Finance

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL
DAWYN R. HARRISON
County Counsel

By: _____
Patrice J. Salseda
Principal County Counsel

APPROVED AS TO FORM
CONTRACT ADMINISTRATION:

Department of Public Health

By _____
Contracts and Grants Division Management

#07156:dr

PRICING SCHEDULE

1. FIXED HOURLY RATE

Services under the Contract shall be provided by the Contractor at the Fixed Hourly Rate set forth below:

CLASSIFICATION	FIXED HOURLY RATE
Technical Consultant	\$225/Hr.

The Fixed Hourly Rate shall not increase during the Term of the Contract. In no event, any other expenses will be reimbursed, outside of the hourly rate.

2. INVOICES

Contractor shall submit invoices in accordance with Paragraph 5.5 Invoices and Payments of the Contract.

3. MAXIMUM SERVICE HOURS

Services shall not exceed a maximum of fourteen thousand, six hundred thirty (14,630) hours at the Fixed Hourly Rate set forth.

4. MAXIMUM CONTRACT SUM

The Maximum Contract Sum, including all applicable taxes for Services provided by Contractor, shall not to exceed two million, nine hundred sixty-two thousand, eight hundred (\$2,962,800) as further detailed in Paragraph 5.1 of the Contract.

5. CONTRACTOR STAFF REQUIREMENTS

Technical Consultant(s) shall have:

1. At least 5 years of IT solutions experience, and
2. At least 5 years of experience with Microsoft Dynamics

365 Additional desirable qualifications include:

1. Experience with SSRS
2. Experience with Azure cloud technologies
3. Experience with Microsoft Power Platform (e.g., PowerBI, Power Apps, Power Automate)
4. Experience with Amazon Pinpoint

Contract No. PH-004529

COUNTY OF LOS ANGELES/ DEPARTMENT OF PUBLIC HEALTH
ROBOTIC PROCESS AUTOMATION PRODUCTION SUPPORT

Amendment Number 6

THIS AMENDMENT is made and into entered on December 5, 2023

by and between	COUNTY OF LOS ANGELES (hereafter "County"),
and	ACCENTURE LLP (hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled "ROBOTIC PROCESS AUTOMATION PRODUCTION SUPPORT," dated January 26, 2021, and further identified as County Contract Number PH-004529, and any Amendments thereto (all hereafter referred to as "Contract") between County and Contractor; and

WHEREAS, on January 11, 2022, Amendment Number 1 was executed to extend the term for six months through July 25, 2022, and increase the Maximum Contract Sum to seven hundred thirty-four thousand, six hundred and forty dollars (\$734,640); and

WHEREAS, on July 1, 2022, Amendment Number 2 was executed to extend the term for six months through January 25, 2023, and increase the Maximum Contract Sum to one million one hundred nine thousand, six hundred forty dollars (\$1,109,640); and

WHEREAS on September 15, 2022, Amendment Number 3 was executed to amend the Contract to update the funding source and expand services to combat the Monkeypox outbreak; and

WHEREAS, on January 12, 2023, Amendment Number 4 was executed to 1) extend the term of the Contract through July 25, 2023 and increase the Maximum Contract Sum by three hundred ninety-nine thousand, nine hundred dollars (\$399,900); and

WHEREAS, on June 2, 2023, Amendment Number 5 was executed to 1) extend the term of the Contract through December 31, 2023, and increase the Maximum Contract Sum by four hundred and twenty thousand dollars (\$420,000); and

WHEREAS, on December 5, 2023, the Board of Supervisors authorized the Director of the Department of Public Health, or designee to execute amendments to COVID-19 sole-source service contracts to extend the term through June 30, 2024; and

WHEREAS, the County has been allocated funds from the Centers for Disease Control and Prevention Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), Assistance Listing Number 93.323 or otherwise covered by net County costs; and

WHEREAS, it is the intent of the parties hereto to amend the Contract to 1) extend the term of the Contract through June 30, 2024; 2) to increase the Maximum Contract Sum by three hundred ninety-six thousand dollars (\$396,000) for a revised Maximum Contract Sum of two million, three hundred twenty-five thousand, five hundred and and forty dollars (\$2,325,540); and 3) make other designated changes to the Amendment; and

WHEREAS, Contractor warrants that it possesses the competence, expertise, and personnel necessary to provide services consistent with the requirements of the Contract.

WHEREAS, said Contract is amended in accordance with Section 8.1 (Changes to Contract) by written Amendment which is formally approved and executed by the parties; and

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment is effective upon execution for the term of January 1, 2024 through June 30, 2024.
2. Effective on the date of this Amendment, Exhibits B-5, Pricing Schedule, shall be added to this Amendment, attached hereto, and incorporated by reference.
3. Paragraph **4.0 TERM OF CONTRACT** shall be deleted in its entirety and replaced as follows:

"4.0 TERM OF CONTRACT:

The term of the Contract shall be effective January 26, 2021 through June 30, 2024 (hereafter "Term"), unless sooner terminated or extended, in whole or in part, as provided in this Contract."

4. Paragraph 5.0, **CONTRACT SUM**, Subparagraph 5.1, is deleted in its entirety and replaced as follows:

"5.1 Maximum Contract Sum

The Maximum Contract Sum under this Contract shall be the total maximum monetary amount payable by County to Contractor for supplying all the Services and other work required or requested by

County under this Contract. All work completed by Contractor must be approved in writing by County in accordance with Section 3.2 (Approval of Contractor's Work). The Maximum Contract Sum, including all applicable taxes authorized by County for the term of this Contract shall not exceed two million, three hundred twenty-five thousand, five hundred and forty dollars (\$2,325,540) as further detailed in Exhibit B (Pricing Schedule), Exhibit B-1 (Pricing Schedule), Exhibit B-2 (Pricing Schedule), Exhibit B-3 (Pricing Schedule), Exhibit B-4 (Pricing Schedule), and Exhibit B-5 (Pricing Schedule) unless the Maximum Contract Sum is modified pursuant to a duly approved Amendment to this Contract in accordance with Section 8.1 (Changes to Contract).

Notwithstanding the foregoing, in the event the Maximum Contract Sum is reached prior to the end of the term of this Contract, the Contractor shall neither be obligated nor able to provide services that would result in charges exceeding the Maximum Contract Sum absent a duly executed Amendment in accordance with Section 8.1 (Changes to Contract) that would increase the Maximum Contract Sum."

6. Except for the changes set forth hereinabove, all terms and conditions of the Contract shall remain in full force and effect and shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Director of the Department of Public Health and the Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month and year first above written.

COUNTY OF LOS ANGELES

By _____
Barbara Ferrer, Ph.D., M.P.H., M.Ed.
Director

ACCENTURE, LLP
Contractor

By _____
Signature

Praneet Raj
Print Name

Title _____
Managing Director

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL
DAWYN R. HARRISON
County Counsel

By: _____
Patrice J. Salseda
Principal Deputy County Counsel

APPROVED AS TO FORM
CONTRACT ADMINISTRATION:

Department of Public Health

By _____
Contracts and Grants Division Management
#07156:dr

PRICING SCHEDULE

1. FIXED MONTHLY RATE

Services under the Contract shall be provided by the Contractor at the Fixed Monthly Rate set forth below:

TECHNICAL CONSULTANTS	FIXED MONTHLY RATE
RPA Lead Developer	\$48,000/Month
Two (2) Support Consultants	\$18,000/Month

The Fixed Monthly Rate shall not increase during the Term of the Contract. In no event will any other expenses be reimbursed, outside of the monthly rate.

The Support Consultants are staffed from Accenture's Global Delivery Network.

2. CONTRACTOR STAFF REQUIREMENTS

Technical Lead Consultant shall have:

- a. At least 5 years of IT application development experience, and
- b. At least 3 years of experience with Robotic Process Automation ("RPA") technologies

Additional desirable qualifications include:

- a. Experience with UIPath
- b. Experience with Javascript

3. INVOICES

The contractor shall submit invoices in accordance with Paragraph 5.5 Invoices and Payments of the Contract.

4. MAXIMUM SERVICE HOURS

Services shall not exceed a maximum of six (6) months at the Fixed Monthly Rate set forth above.

The contractor shall provide three technical consultants for the County's RPA support needs: one RPA Lead Developer for a minimum of six months at \$48,000 per month and two Support Consultants for a minimum of six months at \$18,000 per month.

The RPA Lead Developer and Support Consultants shall be provided on a weekly basis at 40 hours a week, Monday through Friday, or 120 hours per month. For situations requiring attention outside of normal working hours, such as weekends and after business hours, the RPA Developer will be available for up to eight (8) hours of additional work effort per month, included in the Fixed Monthly Rate.

5. MAXIMUM CONTRACT SUM

The Maximum Contract Sum, including all applicable taxes for Services provided by the Contractor, shall not exceed three hundred ninety-six thousand dollars (\$396,000).

BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

CLUSTER AGENDA REVIEW DATE	11/15/2023	
BOARD MEETING DATE	12/5/2023	
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 On Behalf of the eCAPS Advisory (DHR, ISD, CEO, CIO, A-C)	
SUBJECT	REQUEST APPROVAL OF AMENDMENT NUMBER NINE TO THE AGREEMENT WITH CGI TECHNOLOGIES AND SOLUTIONS, INC. FOR SOFTWARE AND IMPLEMENTATION SERVICES TO ENHANCE THE COUNTY'S ENTERPRISE FINANCIAL AND HUMAN RESOURCES APPLICATIONS	
PROGRAM	CONTINUE SOFTWARE MAINTENANCE AND SUPPORT FOR SERVICES FOR COUNTY'S ENTERPRISE FINANCIAL AND HUMAN RESOURCES SOFTWARE APPLICATIONS (eCAPS/eHR) AND RELATED SERVICES	
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
SOLE SOURCE CONTRACT	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain why: Justifications for Sole Source was presented at the Ops Cluster on 3/29/23, followed by a Board Notice of intend to negotiate a sole source amendment issued by the Auditor-Controller on behalf of the Enterprise eCAPS Advisory Committee, on 3/30/23.	
DEADLINES/ TIME CONSTRAINTS	A new Amendment is needed before the expiration deadline of September 2024.	
COST & FUNDING	Total cost: \$123,110,170	Funding source: \$33.6M – IT Legacy Modernization Fund \$26M – Committed for Financial System \$63.5M – IAB Annual Budget Requests
	TERMS (if applicable): 10-year Term.	
	Explanation: \$59.6M currently set aside in obligated fund balance Committed for IT Enhancements (IT Legacy Modernization Fund) (\$33.6M) and Committed for Financial System (\$26.0M). The ITIB approved the project and one-time funding requirement. \$63,509,000 cumulative maintenance cost requirement over the 10-year term of the contract, which results in a \$6.3 million ongoing funding requirement and will be requested through the annual budget process.	
PURPOSE OF REQUEST	Upgrade the system, which is 8 years old, to the latest version. As of April 2023, CGI no longer fully supports the current version and is unable to provide necessary security and regulatory patches. Additionally, the current contract is in its last extension period set to expire in September 2024. This Amendment allows the County to continue its critical Financial, Payroll, HR and Budget operations in a fully compliant, supported and enhanced suite of applications.	
BACKGROUND (include internal/external issues that may exist including any related motions)	The department of Auditor-Controller (A-C), on behalf of the eCAPS/eHR Advisory Committee (CEO, DHR, and ISD), submitted an RFI for an ERP System on March 21, 2022. After thorough analysis of the responses, the committee decided that it is in the best economic interest of the County to upgrade the existing system. Hence an advance notification was submitted to the Board on March 30, 2023, for intent to negotiate a sole source amendment with CGI to upgrade the current system. The negotiations with CGI started in May and concluded in October 2023.	
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	
DEPARTMENTAL CONTACTS	Name, Title, Phone # & Email: Oscar Valdez, Auditor-Controller, (213) 974-8301, ovaldez@auditor.lacounty.gov Majida Adnan, Auditor-Controller, (213) 974-0385, madnan@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
AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS

**MAJIDA ADNAN
ROBERT G. CAMPBELL
CONNIE YEE**

December 5, 2023

DRAFT

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:

**REQUEST APPROVAL OF AMENDMENT NUMBER NINE
TO THE AGREEMENT WITH CGI TECHNOLOGIES AND SOLUTIONS, INC. FOR
SOFTWARE AND IMPLEMENTATION SERVICES TO ENHANCE THE
COUNTY'S ENTERPRISE FINANCIAL AND HUMAN RESOURCES
APPLICATIONS AND APPROVE APPROPRIATION ADJUSTMENT
(ALL SUPERVISORIAL DISTRICTS – 4 VOTES)**

CIO RECOMMENDATION: APPROVE (X)

SUBJECT

The Department of Auditor-Controller (A-C), Department of Human Resources (DHR), Internal Services Department (ISD), and Chief Information Office (CIO) request authorization to execute sole source Amendment Number Nine to the A-C's Services and License Agreement (SLA) with CGI Technologies and Solutions, Inc., to upgrade the Enterprise Financial and Human Resources software applications and related services and approve Appropriation Adjustment from the Committed for Information Technology (IT) Enhancements Fund.

IT IS RECOMMEND THAT THE BOARD:

1. Approve and authorize the A-C, or his designee, to execute the attached Amendment Number Nine (Amendment) to the A-C's Services and License Agreement Number 74797 with CGI Technologies and Solutions, Inc. (CGI) to upgrade to a new software version, CGI Advantage® software (Version 4), to

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provide modern architecture, enhanced functionality and maintenance services for the Enterprise Financial and Human Resources software applications (eCAPS and eHR). The software upgrade, implementation services, and 10 years of maintenance are fixed-price in the amount of \$116,185,170, effective upon execution through June 30, 2033.

2. Delegate authority to the A-C, or designee, to approve and execute Change Notices utilizing contingency funds in the SLA to obtain as-needed services not to exceed \$10 M as outlined in this Amendment; and do not affect the scope of work, term of agreement, maximum agreement sum, payments or any terms or conditions included under the agreement.
3. Approve and authorize the attached Auditor-Controller appropriation adjustment (Attachment II) to transfer \$13,201,000 from the Committed for Information Technology (IT) Enhancements, commonly known as the County's IT Legacy Modernization Fund to fund Fiscal Year (FY) 2023-24 year-one implementation costs.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In 2004, the eCAPS/eHR Project (Project) enterprise applications established integrated core financial and human resources administrative applications for all County departments. These enterprise applications deliver critical financial, budget, procurement, inventory, contract management, payroll, and human resources functionality that support the daily operations of all County departments.

The Project has successfully completed all the major events and milestones associated with established goals and objectives in Phases I, II, III, IV, V, VI, and VII on time and within budget. The success of the Project has provided a solid foundation for the County's integrated financial and human resources administrative systems.

The current Services and License Agreement expires on September 30, 2024. During the prior two years, the A-C with the eCAPS Advisory Committee comprised of the key stakeholders and business owners of the County's Enterprise operations, i.e., A-C, DHR, Chief Executive Office (CEO), CIO, and ISD, conducted a Request for Information and explored options for the County's Enterprise Resource Planning (ERP) system. After a thorough assessment, the Advisory Committee decided that the best option for the County was to upgrade the current software platform to Advantage software (Version 4) and extend maintenance services with CGI. An advance notification to negotiate a sole source amendment with CGI to upgrade the current system was submitted to the Board on March 30, 2023.

The Amendment provides for upgrading the application to the latest software version, providing enhancements in the areas of financial, budget preparation and human resource management as requested by County departments in the 2019 Voice of the County survey. The Amendment also includes incorporating all the County's customizations in eCAPS, Budget Prep and eHR systems, into the CGI Advantage 4 base product, to eliminate the need for County resources to maintain these applications.

The current version of the ERP software will provide significant enhancements requested by County users, including:

- Enhanced User Experience (UX), thereby, accelerating process efficiency and accelerating user productivity by reducing training requirements and onboarding time for new employees and experienced users;
- Built-in automation capabilities of the ERP system, e.g., testing, will reduce manual processes while providing opportunities for process improvements;
- Built-in system architecture and capabilities will provide for faster system configurations, testing, and solution deployments.

The Amendment will be implemented in two subprojects.

Subproject 18 – eCAPS Financial and Budget Preparation (BP) Upgrade (\$19,889,470)

Subproject 18 will include the software upgrade of the eCAPS Financial, Budget Preparation, Procurement, Inventory Management, Capital Assets Management, Debt Management, and Grants Lifecycle Management modules currently operating in production to CGI Advantage 4.

This subproject also includes development, configuration, and implementation of the Program Budgeting functionality, and will identify and implement Business Process Reengineering (BPR) opportunities to enhance the usage of eCAPS Financial and Budget Preparation systems, such as Capital Projects and Performance Measures.

Subproject 19 – eHR Human Resources System Upgrade (\$22,786,700)

Subproject 19 will include the software upgrade of the current Human Resources Management, Payroll Management, Benefits Administration, Position Control, Recruiting and Staffing and HR Self Service, Time and Attendance, and Personnel Action Requests (ePAR) currently operating in production to CGI Advantage 4.

This subproject will also identify and implement BPR opportunities to enhance the usage of eHR and Talent Management systems, such as Employee On-boarding.

Contingency (\$10,000,000)

The Amendment also requests a contingency increase of \$10,000,000 to provide funds to purchase as-needed modifications identified during the design phase to meet or improve County business processes, additional training services, report development not covered in the existing business requirements, or unforeseen changes identified during the development stages of any subproject.

The eCAPS/eHR Advisory Committee, as a project governing body consisting of department heads, or their designees, from the A-C, DHR, CEO, CIO, and ISD, reviews and approves all change notices for the usage of contingency funds. This approach and practice, with the review of County Counsel, has proven to be a successful management technique to keep the project on schedule, address changing business requirements, and ensure the application best meets County needs.

Maintenance Services (\$63,509,000)

County's Advantage software will be supported under CGI Standard Maintenance Support service from years 2-5 of this Amendment (\$19,739,000). CGI will provide Standard Maintenance Support for both 3.11 and Advantage 4 systems (as implemented) during this period. Standard Maintenance includes defect fixes, complete baseline support, and New Feature set releases for Advantage 4.

If the County decides to continue hosting the application on-premise, the support will transition to CGI Custom Maintenance Support service from years 6-10 (\$43,770,000). Since CGI will discontinue its standard support services for its on-premise clients, they tailored the Custom Maintenance Support for the County, to ensure continuity of support for critical County operations. CGI shall support the County's on-premise solution for years 6 through 10 of the Amendment Term under the following terms:

- County will remain on the last baseline Advantage feature set deployed in year 6 of the Amendment Term;
- CGI will deliver the compatibility feature sets only, e.g., technical stack updates, for years 6 through 10 of the Amendment Term;
- CGI will deliver mandatory feature sets only, e.g., tax updates, for years 6 through 10 of the Amendment Term;
- CGI will maintain the County's software in a separate code base, i.e., the County's code base will not be on standard Advantage code base during years 6 through 10 of the Amendment Term; and
- All other services required by the County will be custom for the County and negotiated by the County and CGI.

Considering rapid technology changes and industry trends, the eCAPS Advisory Committee will do a thorough financial, technology, and operational assessment after the upgrade is fully implemented and the systems are in a stable state. Based on the assessment, the A-C will return to your Board, should the Committee decide to recommend a transition to the CGI Advantage SaaS or other option. Transition to CGI Advantage SaaS will incur additional one-time costs during the transition period and would eliminate CGI Custom Support.

Implementation of Strategic Plan Goals

The Amendment promotes the Board-approved County Strategic Plan Goal III.2.3, Prioritize and Implement Technology Initiatives That Enhance Service Delivery and Increase Efficiency. In addition, the Amendment enhances the development of the County's enterprise financial and human resources applications by implementing improved management information and efficiencies in the County's business operations.

FISCAL IMPACT/FINANCING

This eCAPS/eHR Amendment Nine Project totals \$123,110,170 and is comprised of \$116,185,170 for CGI implementation, contingency, and maintenance costs and \$6,925,000 for ISD costs to provide the necessary hosting services and storage devices to support the upgrade. See Attachment I, Table 1 and detailed amounts for each fiscal year are described in Attachment I, Table 2.

The one-time funding requirement of \$59,601,170 included in the Project total above is for CGI implementation and contingency costs (\$52,676,170) and ISD costs (\$6,925,000). In addition, there is a \$63,509,000 cumulative maintenance cost requirement over the 10-year term of the contract, which results in a \$6.3 million ongoing funding requirement.

Funding for the \$59.6 million one-time requirement for the project is currently set aside in obligated fund balance Committed for IT Enhancements (IT Legacy Modernization Fund) (\$33.6 million) and Committed for Financial System – eCAPS (\$26.0 million). The Information Technology Investment Board approved the project and one-time funding requirement. **The attached appropriation adjustment** transfers \$13,201,000 from obligated fund balance Committed for IT Enhancements to the A-C's Integrated Applications Budget to fund FY 2023-24 year-one implementation costs. All future one-time and ongoing costs will be requested through the annual budget process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This Amendment follows the same contractual structure as the existing eCAPS Contract and Amendment Number One through Amendment Number Eight. The historical amount

of the CGI SLA and Maintenance Agreement (Original Contract Plus Amendments 1-8) and Amendment Nine are in Attachment I, Table 3.

Major terms such as Key Milestones; review and approval of deliverables; hold back of payments; Go-Live and Final Acceptance for each Subproject are consistent with the original Agreement. Maintenance provisions for Years 6-10 have been negotiated to include a \$10 Million cost savings to County.

Amendment Nine provides revised contract language for the two Subprojects, appendices, and exhibits consisting of fixed price deliverables-based services identified in the Statement of Work (SOW).

This Amendment adds updated exhibits and new Board policy language and Board mandated provisions, including, Termination for Improper Consideration, Assignment and Delegation/Mergers or Acquisitions, Safely Surrender Baby Law, Compliance with Fair Chance Employment Hiring Practices, and Compliance with the County's Women in Technology Hiring Initiative. Professional Liability, Cyber and Crime insurance terms are included with the County shown as an additional insured.

Except as expressly provided in the Amendment, all other provisions and conditions of the Agreement remain the same and in full force and effect.

CONTRACTING PROCESS

In order to determine a cost estimate for the scope of the Amendment, the A-C, DHR, ISD, and CIO, provided CGI with the County's business requirements to support each of the two Subproject areas. Based on the County's requirements, CGI submitted proposals and a SOW for each of the Subprojects. Upon receipt of the CGI proposals, the four departments, under direction of the eCAPS/eHR Advisory Committee, entered into contract negotiations with CGI, who is the only provider of the Advantage® products and maintenance services. The Amendment was reviewed and approved as to form by County Counsel. The CIO reviewed this request and recommends approval. **The CIO Analysis is attached.**

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Amendment for the expansion of the eCAPS/eHR Project will impact all County departments. The two new Subprojects will build on the Countywide applications established by the eCAPS/eHR Project and enhance functionality in several key areas, including:

- Upgrade of the financial suite of modules (including procurement, inventory, and budget preparation) to Version 4;

- Upgrade of the human resource suite of modules (including position control, payroll, and personnel administration) to Version 4;
- Improved processing for electronic PARs; and
- Program budgeting and additional functionality will be added to the Budget Prep application.

Approval of this eCAPS/eHR Project Amendment will allow the County to continue its critical Financial, Payroll, HR, and Budget operations in a fully compliant, supported, and enhanced suite of applications. It enhances the County's approach to stay innovative and forward-thinking in meeting its ever-challenging administrative demands. Further, it provides for policy and procedures standardization across County departments and ensures fiscal and personnel compliance with Board-adopted guidelines. Lastly, it promotes process efficiency and effectiveness and brings the County to a level of stability should future expansion or needs arise.

CONCLUSION

Upon approval by the Board, it is requested that the Executive Office, Board of Supervisors return one stamped copy of the approved Board letter to the A-C's Executive Office.

Respectfully submitted,

OSCAR VALDEZ
Auditor-Controller

Reviewed by:
PETER LOO
Acting Chief Information Officer

OV:MA:re

Attachments

c: Fesia A. Davenport, Chief Executive Officer
Dawyn R. Harrison, County Counsel
Lisa M. Garrett, Director, Department of Human Resources
Selwyn Hollins, Director, Internal Services Department
Celia Zavala, Executive Officer, Board of Supervisors
Budget Deputies
Countywide Communications

**eCAPS/e-HR Project Software Upgrade and Maintenance Costs
Department of Auditor-Controller/CGI Technologies and Solutions, Inc.
Amendment Number Nine**

List of Tables

Table 1: CGI Services and License Agreement (SLA) Amendment Number 9 (\$116,185,170) and ISD One-time Costs (\$6,925,000)

Category	Amount	Totals
CGI Application Services (Year 1 –5)		
a. Implementation Services		
• Subproject 18 - eCAPS Financial and BP Upgrade	\$19,889,470	
• Subproject 19 - eHR Human Resources System Upgrade	\$22,786,700	
Implementation Services	Sub-Total	\$42,676,170
b. Contingency	\$10,000,000	
Contingency	Sub-Total	\$10,000,000
CGI Services and License Agreement		\$52,676,170
CGI Maintenance Services (Year 2-10)		
c. Maintenance		
• Standard Maintenance – Year 2-5 (7/1/2024 to 6/30/2028)	\$19,739,000	
• Custom Maintenance – Year 6-10 (7/1/2028 – 6/30/2033)	\$43,770,000	
CGI Maintenance	Sub-Total	\$63,509,000
CGI Amendment Number Nine Total		\$116,185,170
ISD Infrastructure Cost (Year 1-4)		
d. 4.x Infrastructure One-time Cost	\$6,925,000	
ISD Infrastructure Cost	Sub-Total	\$6,925,000
Total Project Cost		\$123,110,170

Table 2: eCAPS/eHR Budget Authorization by Fiscal Year

Fiscal Year (FY)	CGI Implementation Services	CGI Maintenance	Internal Services Charges	Annual Funding Requirement
FY 2023-24	\$12,701,009		\$500,000	\$13,201,009
FY 2024-25	\$14,486,056	\$3,762,000	\$1,875,000	\$20,123,056
FY 2025-26	\$13,360,253	\$4,291,000	\$2,050,000	\$19,701,253
FY 2026-27	\$9,628,852	\$5,725,000	\$2,500,000	\$17,853,852
FY 2027-28	\$2,500,000	\$5,961,000		\$8,461,000
FY 2028-29		\$8,123,400		\$8,123,400
FY 2029-30		\$8,384,760		\$8,384,760
FY 2030-31		\$8,724,528		\$8,724,528
FY 2031-32		\$9,081,352		\$9,081,352
FY 2032-33		\$9,455,960		\$9,455,960
Total	\$52,676,170	\$63,509,000	\$6,925,000	\$123,110,170

Table 3: CGI Upgrade Services and Maintenance Agreement

	Original Contract Plus Amendments #1-8 (April 2004 – Sept. 2024)	Amendment #9 (Nov. 2023 – June 2033)	Total SLA Contract 2004 – 2033
Implementation Services	\$167,249,571	\$42,676,170	\$209,925,741
County Contingency	\$30,255,801	\$10,000,000	\$40,255,801
Total Services	\$197,505,372	\$52,676,170	\$250,181,542
Total Maintenance	\$68,203,654	\$63,509,000	\$131,712,654
Total Cost	\$265,709,026	\$116,185,170	\$381,894,196

PINK

BA FORM 10142022

BOARD OF SUPERVISORS
OFFICIAL COPY

December 05, 2023

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF AUDITOR-CONTROLLER

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HER RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFORE**FY 2023-24****4 - VOTES****SOURCES****USES****GENERAL FUND**

A01-3052

COMMITTED FOR IT ENHANCEMENTS

DECREASE OBLIGATED FUND BALANCE**13,201,000****AUDITOR-CONTROLLER ECAPS SYSTEM**

A01-AU-2000-10800-10810

SERVICES & SUPPLIES

INCREASE APPROPRIATION**13,201,000****SOURCES TOTAL****\$ 13,201,000****USES TOTAL****\$ 13,201,000****JUSTIFICATION**

Reflects the cancelation of obligated fund balance Committed for IT Enhancements to fund the implementation of the Enterprise Financial and Human Resources system upgrade for Fiscal Year 2023-24; \$12,701,000 is for CGI Technologies and Solutions, Inc. and \$500,000 is for ISD Hosting and Storage costs.


2023.11.02 13:22:34
-07'00'
AUTHORIZED SIGNATURE

Oscar Valdez, Department Head

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

 REFERRED TO THE CHIEF
 EXECUTIVE OFFICER FOR---

☐

ACTION

☐

RECOMMENDATION

AUDITOR-CONTROLLER

BY

B.A. NO.

DATE

☐

APPROVED AS REQUESTED

☐

APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

DATE



**Chief
Information
Office**

Peter Loo
ACTING CHIEF INFORMATION OFFICER

CIO

DRAFT

ANALYSIS

BOARD AGENDA DATE:

12/5/2023

SUBJECT:

**REQUEST APPROVAL OF AMENDMENT NUMBER NINE TO THE AGREEMENT
WITH CGI TECHNOLOGIES AND SOLUTIONS, INC. FOR SOFTWARE AND
IMPLEMENTATION SERVICES TO ENHANCE THE COUNTY'S ENTERPRISE
FINANCIAL AND HUMAN RESOURCES APPLICATIONS**

CONTRACT TYPE:

☐ New Contract ☒ Sole Source ☒ Amendment to Contract #: 74797

SUMMARY:

Description:

The Department of Auditor-Controller (A-C), Department of Human Resources (DHR), Internal Services Department (ISD) and Chief Information Office (CIO) request authorization to execute sole source Amendment Number Nine to the A-C's Services and License Agreement with CGI Technologies Solutions, Inc. to upgrade the Enterprise Financial and Human Resources software applications and related services.

A-C is requesting approval to execute Amendment Number Nine to the A-C's Services and License Agreement Number 74797 with CGI Technologies and Solutions, Inc. (CGI) to upgrade to a new software version, CGI Advantage® software (Version 4), to provide modern architecture, enhanced functionality and maintenance services for the Enterprise Financial and Human Resources software applications (eCAPS and eHR). The software upgrade, implementation services and 10 years of maintenance are fixed price in the amount of \$116,185,170, effective upon execution through June 30, 2033.

A-C is also requesting delegated authority to approve and execute Change Notices that obtain Other Professional Services provided the amount payable under such Change Notices do not exceed the available amount of Contingency; and do not affect the scope of work, term of the agreement, maximum agreement sum, payments or any terms and conditions included under the agreement.

A-C is also requesting approval of the Appropriation Adjustment to transfer \$13,201,000 from the Committed Information Technology Enhancements, commonly known as the County's Legacy Modernization Fund, to fund FY 2023-24 year one implementation costs.

**REQUEST APPROVAL OF AMENDMENT NUMBER NINE TO THE AGREEMENT
WITH CGI TECHNOLOGIES AND SOLUTIONS, INC. FOR SOFTWARE AND
IMPLEMENTATION SERVICES TO ENHANCE THE COUNTY’S ENTERPRISE
FINANCIAL AND HUMAN RESOURCES APPLICATIONS**

Contract Amount: \$116,185,170	
FINANCIAL ANALYSIS:	
Contract costs:	
CGI Application Services (Years 1-5)	
Implementation Services	
Subproject 18 (eCAPS Upgrade)	\$ 19,889,470
Subproject 19 (eHR Upgrade)	\$ 22,786,700
Sub-total (Implementation Services):	\$ 42,676,170
Contingency.....	\$ 10,000,000
Sub-total (Implementation Services/Contingency)...	\$ 52,676,170
CGI Maintenance Services (Years 2-10)	
Standard Maintenance (Years 2-5).....	\$ 19,739,000
Custom Maintenance (Years 6-10).....	\$ 43,770,000
CGI Maintenance Sub-total.....	\$ 63,509,000
CGI Amendment Nine Total.....	\$ 116,185,170
Other County costs:	
One-time costs	
ISD Infrastructure (Years 1-4).....	\$ 6,925,000
Total Project Cost:.....	\$ 123,110,170
Notes:	
The eCAPS/eHR Amendment Nine total project cost of \$123,110,170 is comprised of \$116,185,170 for the CGI implementation, contingency and maintenance costs, ISD costs (\$6,925,000).	
Funding for the \$59.6 million one-time requirement for the project is currently set aside in obligated fund balance Committed for IT Enhancements (IT Legacy Modernization Fund - \$33.6 million) and Committed for Financial Systems – eCAPS (\$26.0 million). The IT Investment Board approved the one-time funding requirement. All future one-time and ongoing costs will be requested through the annual budget process.	
All costs above assume County hosting the application at the County Data Center. If, after the upgrade is complete and stable, and a thorough financial, technology and operational analysis is completed, the eCAPS Steering Committee decides to transition to CGI’s Software as a Service or another option, the A-C will return to the Board.	

REQUEST APPROVAL OF AMENDMENT NUMBER NINE TO THE AGREEMENT WITH CGI TECHNOLOGIES AND SOLUTIONS, INC. FOR SOFTWARE AND IMPLEMENTATION SERVICES TO ENHANCE THE COUNTY'S ENTERPRISE FINANCIAL AND HUMAN RESOURCES APPLICATIONS

RISKS:

1. **Quality of Services:** The Purpose of this sole source Amendment is to upgrade the County's CGI Advantage software (eCAPS/eHR) from the current version (3.11) to the latest version (4.0). Over the past two years, A-C and the eCAPS Advisory Committee released a Request For Information and explored options for the County's Enterprise Resource Planning (ERP) system. After a thorough assessment, the Advisory Committee decided the the best option for the County was to upgrade the current software platform and extend maintenance services with CGI. As of April 2023, CGI no longer supports the current version of the software (3.11) and is unable to provide the necessary security and regulatory patches. The proposed Amendment will include all terms and conditions from the original agreement and all previous amendments.

The Statement of Work for this Amendment is very detailed and well-structured. The Amendment is divided into two sub-projects. Sub-project 18 will include the eCAPS upgrade and sub-project 19 will include the eHR upgrade. Sub-project 18 will have four stages (eCAPS Budget Prep upgrade, eCAPS Financials upgrade, Program Budgeting and Budget Prep Functionality Expansion) and 110 Deliverables, each with a 15% payment holdback. It will also include the evaluation of 635 system interfaces and 1,285 reports. Key areas of CGI's focus in sub-project 18 will be Project Management, Implementation Methodology, Software Application, Business Requirements, Data Warehousing and Reporting, Technical Activities, Change Management, Maintenance and Support and Software Customizations Baseline Methodology. Sub-project 19 will have two stages (eHR upgrade and ePAR replacement) and 55 Deliverables, each with a 15% payment holdback. It will also include the evaluation of 295 system interfaces and 388 reports. The key areas of focus for CGI will be the same as in sub-project 18.

2. **Project Management and Governance:** The Office of the CIO (OCIO) recommends strong project governance and a dedicated project manager to adhere to schedule, budget and scope, and to manage vendor performance. The OCIO has verified that this project has an Executive Sponsor and Project Manager from A-C. CGI will also have a Project Manager who will develop the Project Control Document and focus on Project Planning, Scope Management, Issue and Risk Management and Quality Control. The A-C Project Manager will report project status to the eCAPS Executive Steering Committee on an ongoing basis.

**REQUEST APPROVAL OF AMENDMENT NUMBER NINE TO THE AGREEMENT
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FINANCIAL AND HUMAN RESOURCES APPLICATIONS**

3. **Information Security:** The Office of the Chief Information Security Officer reviewed the Amendment and recommended that A-C incorporate the latest approved version of the County’s Information Security and Privacy Requirements exhibit, which was not part of the original agreement or any of the subsequent amendments. A-C will work with CGI to incorporate the Information Security and Privacy Requirements Exhibit either in this Amendment or the next one.
4. **Contract Risks:** No Contract Risks have been identified. County Counsel has approved the Amendment as to form.

PREPARED BY:

(NAME) DEPUTY CHIEF INFORMATION OFFICER

DATE

APPROVED:

PETER LOO, ACTING CHIEF INFORMATION OFFICER

DATE

SOLE SOURCE CHECKLIST

Department Name: Auditor-Controller

☐

New Sole Source Contract

☒

Sole Source Amendment to Existing Contract

Date Existing Contract First Approved: _____

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

Chief Executive Office

Date



**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

ARLENE BARRERA
AUDITOR-CONTROLLER

OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS

ROBERT G. CAMPBELL
KAREN LOQUET
CONNIE YEE

March 30, 2023

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

FROM: Arlene Barrera *Arlene Barrera*
Auditor-Controller

SUBJECT: **ADVANCE NOTIFICATION OF INTENT TO NEGOTIATE A SOLE
SOURCE AMENDMENT TO SERVICES AND LICENSE AGREEMENT
NUMBER 74797 WITH CGI TECHNOLOGIES AND SOLUTIONS INC.**

The County has a Services and License Agreement (SLA) with CGI Technologies and Solutions Inc. (CGI), for software maintenance and support services for the County's enterprise Countywide Accounting and Purchasing System (eCAPS) and enterprise Human Resources (eHR) software applications, which have been established as the integrated core financial and human resources management systems for all County departments. These applications have successfully provided critical financial, budget, procurement, inventory, capital asset, debt, contract, payroll and human resources management functionality to support the daily operations of all County departments. The existing version of the software was last upgraded in 2017, and is nearing its end of life. Our current contract with CGI is in its last extension period and set to expire in September 2024, with an optional one year extension, necessitating expedited action to ensure uninterrupted business continuity of County operations.

Pursuant to Board Policy 5.100, Sole Source Contracts, this is to notify your Board that our office intends to negotiate a sole source contract amendment with CGI to upgrade the software used for eCAPS/eHR for a period to be determined, but not less than five years. The contract amendment must be approved by your Board prior to becoming effective.

In March 21, 2022, the County issued a Request for Information soliciting solutions to replace eCAPS/eHR. We invited three vendors to provide demonstrations and requested cost information. Most of the vendors would only provide licensing and maintenance costs, which were comparable to what CGI proposed, but would not provide

implementation costs until we issued a Request for Proposal (RFP). Based upon our knowledge of other implementations, we believe vendor implementation costs for a new system could be in the \$100 to \$150 million range, which would be in addition to the County's staffing costs to handle data conversion and other significant elements of replacing our systems. Additionally, while other systems offer more functionality than we currently receive with our current systems, we do not believe the additional functionality justifies the additional costs for our County.

Our eCAPS/eHR Advisory Committee members (DHR, CEO, and ISD) concur that if we are unable to negotiate favorable terms and costs for an upgrade, we will proceed with the issuance of an RFP.

Consistent with Board Policy 5.100, unless otherwise directed by your Board within four weeks of this notification, the eCAPS Advisory Committee will begin to negotiate the sole source contract amendment with CGI.

Should you have any questions concerning this matter, please contact me at (213) 974-8302 or abarrera@auditor.lacounty.gov, or Oscar Valdez, Chief Deputy, Auditor-Controller, at (213) 974-0729, or ovaldez@auditor.lacounty.gov.

AB:OV:KL

c: Chief Executive Office
Executive Office, Board of Supervisors
County Counsel
Human Resources
Internal Services