



Board of Supervisors Operations Cluster Agenda Review Meeting

DATE: October 30, 2024

TIME: 2:00 p.m. – 4:00 p.m.

MEETING CHAIR: John Leonard, 3rd Supervisorial District

CEO MEETING FACILITATOR: Thomas Luscombe

THIS MEETING IS HELD UNDER THE GUIDELINES OF BOARD POLICY 3.055

To participate in this meeting in-person, the meeting location is:

Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012
Room 374-A

To participate in this meeting virtually, please call teleconference number

1 (323) 776-6996 and enter the following 522268816# or [Click here to join the meeting](#)

Teams Meeting ID: 237 250 878 670

Passcode: UoBQAE

For Spanish Interpretation, the Public should send emails within 48 hours in advance of the meeting to ClusterAccommodationRequest@bos.lacounty.gov

Members of the Public may address the Operations Cluster on any agenda item during General Public Comment.

The meeting chair will determine the amount of time allowed for each item.

THIS TELECONFERENCE WILL BE MUTED FOR ALL CALLERS. PLEASE DIAL *6 TO UNMUTE YOUR PHONE WHEN IT IS YOUR TIME TO SPEAK.

1. CALL TO ORDER

2. GENERAL PUBLIC COMMENT

3. DISCUSSION ITEM(S):

- A) Board Letter:
APPROVAL OF AMENDMENT TO SOLE SOURCE AGREEMENT WITH VIZIENT INC., FOR PATIENT SAFETY INCIDENT DATA AGGREGATION SOFTWARE AND SERVICES AND AMENDMENT TO SOLE SOURCE AGREEMENT WITH DATIX (USA) INC., FOR SAFETY INTELLIGENCE SOFTWARE AND SERVICES
DHS/CIO – Julio Alvarado, Director of Contracts and Grants,
Kevin Lynch, Chief Information Officer and Dr. Arun Patel, Medical Director

- B) Board Letter:
AUTHORIZATION FOR THE ASSESSOR TO EXECUTE A SOLE SOURCE AGREEMENT WITH ORACLE AMERICA, INC. (ORACLE) FOR PHASE V OF THE ASSESSOR MODERNIZATION PROJECT (AMP)
ASR/CIO – Scott Thornberry, Assistant Assessor and
Kevin Lechner, Assistant Chief Information Officer

- C) Board Letter:
SEVENTEEN-MONTH LEASE AMENDMENT
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
2325 CRENSHAW BOULEVARD, TORRANCE
CEO/RE – Alexandra Nguyen-Rivera, Section Chief, Leasing

- D) Board Letter:
TEN-YEAR SIX-MONTH LEASE
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
3501 SEPULVEDA BOULEVARD, TORRANCE
CEO/RE – Alexandra Nguyen-Rivera, Section Chief, Leasing

- E) Board Letter:
TEN-YEAR LEASE
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
1140 COMMERCE CENTER DRIVE, LANCASTER
CEO/RE – Alexandra Nguyen-Rivera, Section Chief, Leasing

- F) Board Letter:
BOND ANTICIPATION NOTES
AUTHORIZATION AND REIMBURSEMENT RESOLUTION
CEO/CP – Lilly Qi, Principal Analyst

- G) Board Letter:
INCREASING THE LIFETIME MAXIMUM BENEFIT FOR THE ANTHEM BLUE CROSS PLANS PROVIDED BY THE LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
CEO/LABOR – Thien-Thu Pham, Principal Analyst and
Daniel Cho, Principal Analyst

4. PRESENTATION ITEM(S):

None available.

5. ADJOURNMENT

UPCOMING ITEM(S) FOR NOVEMBER 6, 2024:

None available.

IF YOU WOULD LIKE TO EMAIL A COMMENT ON AN ITEM ON THE OPERATIONS CLUSTER AGENDA, PLEASE USE THE FOLLOWING EMAIL AND INCLUDE THE AGENDA NUMBER YOU ARE COMMENTING ON:

OPS_CLUSTER_COMMENTS@CEO.LACOUNTY.GOV

BOARD LETTER/MEMO CLUSTER FACT SHEET

 Board Letter

 Board Memo

 Other

CLUSTER AGENDA REVIEW DATE	10/30/2024	
BOARD MEETING DATE	11/26/2024	
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 Health Services (DHS) and Chief Information Officer	
SUBJECT	Request approval of amendment to the existing sole source agreement with Vizient Inc. for the continued provision of patient safety incident data aggregation software and services and approval of amendment to the existing sole source agreement with Datix (USA) Inc for the continued provision of a web-based incident/event reporting system known as "Safety Intelligence".	
PROGRAM	DHS, Quality Improvement & Patient Safety Program	
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 It is in the best interest of the County to extend both Agreements because Datix and Vizient are uniquely positioned to continue to provide: (i) Safety Intelligence (SI) Software with the necessary tools to implement proactive risk management and mitigation strategies and offer appropriate remedies to unsafe events at County health facilities, (ii) patient safety organization (PSO) services to improve patient safety and reduce the incidence of events that adversely affect patient safety, (iii) data analytics regarding events and reports submitted to the SI from the County and provide analyses, reports, best practices guidance, and other resources to improve patient safety.	
SB 1439 SUPPLEMENTAL DECLARATION FORM REVIEW COMPLETED BY EXEC OFFICE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – Not Applicable	
DEADLINES/ TIME CONSTRAINTS	Both agreements are currently slated to expire on December 31, 2024.	
COST & FUNDING	Vizient, Inc.: Five-year ext. cost: \$501,251. Maximum Obligation: \$939,946 Datix (USA) Inc.: Five-year ext. cost: \$2,415,663. Maximum Obligation: \$5,008,774	Funding source: Funding is included in DHS' Fiscal Year 2024-25 Final Budget. Continued funding will be requested in future fiscal years as necessary. DPH and DMH are responsible for all the costs for system and services provided by Vizient and Datix based on their utilization.
	TERMS (if applicable): Five (5) automatic one-year extensions through December 31, 2029.	
	Explanation:	
PURPOSE OF REQUEST	To request delegated authority from the Board to execute Amendment No. 3 to Vizient Agreement to extend the term, increase contract sum, and to execute Amendment No. 5 to Datix Agreement to extend the term, increase contract sum and add pool dollars for purchase of additional licensed programs of the Safety Intelligence (SI) Software modules and/or to acquire additional work.	
BACKGROUND (include internal/external issues that may exist including any related motions)	On May 1, 2019, LA County and Vizient Inc. restated the Agreement to enable LA County to collect and voluntarily report information for analysis of patient safety events to improve patient safety services. On May 1, 2019, LA County and Datix (USA) Inc. entered into the Agreement to configure, install, and implement the SI software platform, maintain regular updates and supportive services for the SI software platform. Both Agreements were executed with an initial term through December 31, 2021, and LA County's sole option to extend the Agreements terms for up to one (1) additional three-year period to expire December 31, 2024.	
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please state which one(s) and explain how: Board Priorities Health Integration, to streamline and integrate access to high-quality services across the departments of DHS, DPH and DMH.	
DEPARTMENTAL CONTACTS	Name, Title, Email Phone # &: Dr. Arun Patel, Medical Director, apatel3@dhs.lacounty.gov , (213) 288-8283 Kevin Lynch, Chief Information Officer, klynch@dhs.lacounty.gov , 213-240-8128 Lillian Anjargolian, Deputy County Counsel, LAnjargolian@counsel.lacounty.gov (213) 453-8744	

November 26, 2024

DRAFT

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 AMENDMENT TO SOLE SOURCE AGREEMENT WITH VIZIENT INC., FOR PATIENT SAFETY INCIDENT DATA AGGREGATION SOFTWARE AND SERVICES AND AMENDMENT TO SOLE SOURCE AGREEMENT WITH DATIX (USA) INC., FOR SAFETY INTELLIGENCE SOFTWARE AND SERVICES (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

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

SUBJECT

Request approval of amendment to the existing sole source agreement with Vizient Inc. (Vizient), designated as Agreement No. H-705957, for the continued provision of patient safety incident data aggregation software and services and approval of amendment to the existing sole source agreement with Datix (USA) Inc. (Datix), designated as Agreement No. H-707926, for the continued provision of a web-based incident/event reporting system known as "Safety Intelligence," both for multiple Los Angeles County (LA County) departments, including the Department of Health Services (DHS), Department of Mental Health (DMH), and Department of Public Health (DPH), and in both cases, to extend the term, increase each agreement's maximum obligation and update both agreements' terms and conditions, as applicable.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or designee, to execute Amendment No. 3 to sole source Agreement No. H-705957 (Vizient Agreement) with Vizient to; (a) extend the Vizient Agreement term for five (5) additional one-year automatic extensions through December 31, 2029, for the continued provision of patient safety incident data aggregation software and services use by DHS, DMH and DPH, (collectively, Departments); and (b) increase the maximum obligation by \$501,251 for the extensions through December 31, 2029, for a maximum Vizient Agreement obligation of \$939,946.
2. Authorize the Director, or designee, to execute Amendment No. 5 to sole source Agreement No. H-707926, (Datix Agreement) with Datix to: (a) extend the Datix

Agreement term for five (5) additional one-year automatic extensions through December 31, 2029, for the continued provision of a web-based, Los Angeles County (LA County) hosted, patient safety software platform (SI Software) for use by the Departments; and (b) increase the maximum obligation by \$2,415,663 for the extensions through December 31, 2029, for the Datix Agreement maximum obligation of \$5,008,774 which is comprised of \$3,688,584 for the utilization of the SI Software modules, and \$1,320,190 in Pool Dollars allocated for the purchase of additional licensed programs of the SI Software modules and/or to acquire additional work, as necessary, including the addition of \$611,897 in new funds, and \$501,718 in rolled over funds from the current term expiring December 31, 2024.

3. Delegate authority to the Director, or designee, to execute future amendments or change notices to the Vizient and/or the Datix Agreements to: (a) add, delete, and/or change non-substantive terms and conditions and/or make any necessary changes as required by applicable laws and policies; and (b) add and/or delete County departments as needed, and make changes to the Statement of Work (SOW) to address technology changes and emergencies; and (c) use available Pool Dollars for the purchase of additional licensed programs of the SI software platform modules and/or to acquire additional work for the Datix Agreement; and (d) terminate the Vizient and Datix Agreements, each in accordance with the respective Agreement's termination provisions, including termination for convenience, with all amendments subject to review and approval as to form by County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Background and Justification

Vizient

Vizient is a "Patient Safety Organization" (PSO) listed by the Agency for Healthcare Research and Quality (AHRQ), which aggregates patient safety incident data from the SI Software for its members, including DHS. Pursuant to the Board of Supervisors' (Board's) Policy 8.040 for Patient Safety, and related laws, LA County is required to collect data, conduct analysis, and report information to the PSO for the primary purpose of improving patient safety. Information from the SI Software is periodically uploaded to Vizient which in turn submits this data to AHRQ, as required by the Joint Commission's National Patient Safety Goals and the Patient Safety and Quality Improvement Act of 2005 (PSQIA). Vizient's goal is to conduct activities to improve patient safety and health care quality, which is enhanced by its expertise in analyzing patient safety events, such as the identification, analysis, prevention, and reduction or elimination of the risks and hazards associated with the delivery of patient care.

Participation in a PSO helps DHS improve patient safety and reduce the incidence of events that adversely affect patient safety. Consistent with its charge as a PSO under the PSQIA and under the Vizient Agreement, Vizient provides LA County health facilities with data analytics regarding events and reports submitted to the SI Software from LA County, and provides analyses, reports, best practice guidance, and other resources to improve patient safety. In addition, establishment of a Patient Safety Evaluation System (PSES), (pursuant to National Patient Safety Board policy), and submission to a PSO provides health facilities that participate in a PSO with privilege and confidentiality protection of event reports that may be helpful in certain risk cases.

Vizient has built a network of members that allows it to hold a unique market position. Vizient's members include one-third of the academic medical centers across the United States, which benefit from regularly connecting with similarly situated colleagues to discuss a variety of safety topics. As a member of the Vizient network, DHS can use reports provided by Vizient to understand and target specific patient safety areas of concern and can learn from experiences and best practices of similar organizations that readily share information and expertise with other Vizient members.

On May 1, 2019, LA County and Vizient entered into a restated agreement to enable LA County, as a health care provider, to collect and voluntarily report information on a privileged and confidential basis, for analysis of patient safety events for improving patient safety and the quality of health care services, with an initial term through December 31, 2021, with an option to extend the Vizient Agreement term for one (1) additional three-year period ending on December 31, 2024.

Datix

LA County is currently using the SI Software for reporting patient safety events, managing malpractice claims, and handling patient complaints, which enables DHS to improve the quality of care, safety, and satisfaction of patients, while also managing risk exposure.

The SI Software provides LA County with the necessary tools to implement proactive risk management and mitigation strategies and offers appropriate remedies for unsafe events at LA County health facilities. The SI Software is also used to ensure compliance with certain laws and regulations such as: (a) California Health and Safety Code Section 1279.1, which requires timely reporting of certain patient safety events to regulatory agencies; (b) California Health and Safety Code 1279.6(b)(2), which requires health facilities to have a patient safety reporting system; (c) Board Policy No. 8.040 (Procedures to Ensure the Legal Protections of Patient Safety Work Product and Reporting to a Third-Party Patient Safety Organization), which requires LA County health care facilities to enter event information in the SI System, as an essential component of LA County's PSES; and (d) PSQIA.

On May 1, 2019, LA County and Datix entered into an agreement to configure, install, implement the SI Software, maintain regular updates and provide support services for the SI Software, and provide training to LA County staff for an initial term through December 31, 2021, with an option to extend the Datix Agreement's term for one (1) additional three-year period ending on December 31, 2024.

Recommendations

Approval of the first recommendation will allow the Director, or designee, to execute Amendment No. 3 to the Vizient Agreement, substantially similar to Exhibit I, to extend the Vizient Agreement term from December 31, 2024, with five (5) one-year automatic extensions through December 31, 2029, for the continued provision of patient safety incident data aggregation software and services used by the Departments, with a maximum obligation of \$501,251 for the extensions through December 31, 2029.

Approval of the second recommendation will allow the Director, or designee, to execute Amendment No. 5 to the Datix Agreement, substantially similar to Exhibit II, to extend the Datix Agreement term from December 31, 2024, with five (5) one-year automatic extensions through December 31, 2029, for the continued provision of the SI Software for use by the Departments, with a maximum obligation of \$2,415,663, for the extensions through December 31, 2029.

Approval of the third recommendation will allow the Director, or designee, to execute future amendments or change notices, to modify the SOW, and make changes to non-substantive terms and conditions and/or to comply with law, LA County policies, and/or regulatory requirements, add or delete LA County departments as needed, use available Pool Dollars for the purchase of additional work for the Datix Agreement, and terminate the Vizient and Datix Agreements, each in accordance with the respective Agreement's termination provisions, including termination for convenience, as necessary, with all amendments subject to review and approval as to form only by County Counsel.

Implementation of Strategic Plan Goals

The recommended actions support North Star 1 - Make Investments That Transform Lives, Focus Area Goal A, Healthy Individuals and Families, Strategy II, Improve Health Outcomes; and North Star 3 - Realize Tomorrow's Government Today, Focus Area Goal E, Data-Driven Decision Making, Strategy I, Facility Data Sharing.

FISCAL IMPACT/FINANCING

The maximum contract sum of the Vizient Agreement will increase by \$501,251 to \$939,946 to extend the term for five (5) additional years.

The maximum contract sum of the Datix Agreement will increase by \$2,415,663 to \$5,008,774 to extend the term for five (5) additional years.

Funding is included in DHS' Fiscal Year 2024-25 Final Budget. Continued funding will be requested in future fiscal years as necessary. DPH and DMH are responsible for all the costs for system and services provided by Vizient and Datix based on their utilization. There is no net County cost impact associated with the recommended actions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Agreements include all Board-required provisions, including the most recent provisions "Compliance with County's Women in Technology Hiring Initiative" and "Campaign Contribution Prohibition Following Final Decision in Contract Proceeding". Additionally, the Vizient Agreement was updated to include the Information Security and Privacy Exhibit. During negotiations with Vizient, DHS agreed to modify certain standard terms in the Information Security and Privacy Exhibit that are considered low risk to the LA County. They include reducing the Cyber Insurance Coverage to \$5 million, extending the incident reporting period involving LA County information to 72 hours and minor modifications related to cloud storage and hosting environment, audit and inspection, and privacy and security indemnification. Vizient provided their most recent SOC 2 Type 2 Report for review and these modifications to the Exhibit were accepted by DHS' Departmental Information Security Office. During negotiations with Datix, DHS agreed to modify certain standard terms and conditions that minimally increase LA County's risk. They include: refining the information subject to disclosure under the "Public Records Act" and LA County providing Datix with five (5) business days' written notice prior to disclosing information; modifying the "Compliance with County's Women in Technology Hiring Initiative" provision, requiring Datix to comply with this requirement to the extent applicable; and modifying "Compliance with the County Policy of Equity" by requiring Datix to provide notification of the policy to its employees.

As previously negotiated and approved by the Board, the Vizient Agreement may be terminated for convenience by LA County with a 30 days' prior written notice and allows Vizient, to terminate for cause with a 180 days' prior written notice. The Datix Agreement may be terminated for convenience by LA County with a 45 days' prior written notice and allows Datix to terminate for cause with a 180 days' prior written notice or if in the event LA County does not meet the 120-day payment obligation Datix may terminate with a 90 days' prior written notice.

Both the Vizient and Datix Agreements are not Proposition A Agreements as the services are highly specialized and cannot currently be provided by LA County staff, and therefore, not subject to the Living Wage Program (Los Angeles County Code Chapter 2.201).

County Counsel has reviewed and approved Exhibit I and Exhibit II as to form only.

In compliance with Board Policy 6.020, the Office of the Chief Information Officer (OCIO) reviewed the IT components of this request and recommends approval of Amendment No. 3 (Vizient) and Amendment No. 5 (Datix). The OCIO determined that a CIO Analysis is not required since the recommended actions do not include any new technology.

CONTRACTING PROCESS

On July 17, 2024, DHS notified the Board via Attachment A of its intent to commence negotiations with Vizient and Datix for the sole source extensions in accordance with the revised Board Policy No. 5.100, Sole Source Contracts. The Sole Source Checklists are attached as Attachments B and C in compliance with this Board policy.

DHS is beginning the procurement process to identify a replacement solution for the SI Software and will release a Request for Information (RFI) in early 2025 to better understand the market and capabilities of potential vendors. Depending on the results of the RFI, DHS plans to conduct a competitive solicitation.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will prevent a disruption in DHS' current safety practices and ensure the continuity of LA County's compliance with its legal obligations regarding patient safety management.

Respectfully submitted,

Reviewed by:

Christina R. Ghaly, M.D.
Director

Peter Loo
Chief Information Officer

CRG:ag

Enclosures

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

RESTATED AGREEMENT BY AND BETWEEN COUNTY OF LOS ANGELES
AND VIZIENT, INC. FOR PATIENT SAFETY ORGANIZATION SERVICES

Amendment No. 3

THIS AMENDMENT is made and entered into this ____ day of November 2024,

By and between

COUNTY OF LOS ANGELES
(hereafter "County")

And

VIZIENT, INC.
(hereafter "Contractor")

Business Address:
155 N. Wacker Drive, 40th Floor
Chicago, IL 60606

WHEREAS, reference is made to that certain document entitled "Restated Agreement By and Between County of Los Angeles and Vizient, Inc. for Patient Safety Organization Services," dated May 1, 2019, and further identified as Agreement No. H-705957, including any amendments and any other modifications thereto (cumulatively hereafter referred to as "Agreement"); and

WHEREAS, on November 19, 2024, the Board of Supervisors ("Board") delegated authority to the Director of Health Services, or designee, to among other delegations: (i) extend the term of the Agreement; (ii) increase the maximum obligation; (iii) add, delete, and/or change non-substantive terms and conditions and/or make any changes as required by applicable laws and/or policies; and

WHEREAS, the Agreement is slated to expire on December 31, 2024; and

WHEREAS, it is the intent of the parties hereto to: (i) amend the Agreement to extend its term with five (5) one-year automatic extensions through December 31, 2029, (ii) increase the maximum obligation by \$501,251 for the extension period through December 31, 2029, and (iii) provide for the other changes set forth herein; and

WHEREAS, the Agreement, Section 14.4 (Amendment) provides that such changes may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, the Contractor warrants that it continues to possess the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall be effective upon execution.
2. The Agreement, Section 5.0, TERM AND TERMINATION, Section 5.1 is deleted in its entirety and replaced to read as follows:

“5.1 The term of this Agreement is effective May 1, 2019, through December 31, 2024, with five (5) additional one (1) year automatic renewals through December 31, 2029, unless sooner terminated or extended, in whole or in part, as provided in the Agreement.”

3. The Agreement, Section 6.0, PRICES AND FEES, Section 6.2 is deleted in its entirety and replaced to read as follows:

“6.2 Maximum Obligation Of County

For the period of May 1, 2019 to December 31, 2024, the maximum obligation of the COUNTY shall not exceed \$438,695. For the extension option consisting of five (5) one-year terms, for a total of five (5) years from January 1, 2025 to December 31, 2029, the maximum obligation of the COUNTY shall not exceed \$501,251 for a total maximum sum of \$939,946 as set forth in Exhibit B-2, Pricing Schedule.

4. The Agreement, Section 14.0, ADDITIONAL TERMS, is modified to add Section 14.10 - Public Records Act to read as follows:

“14.10 Public Records Act

14.10.1 Any documents submitted by the Contractor and all information obtained in connection with the County’s right to audit and inspect the Contractor’s documents, books, and accounting records pursuant to this Agreement, 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.

14,10.2 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.”

5. The Agreement, Section 14.0, ADDITIONAL TERMS, is modified to add Section 14.11 - Compliance with County’s Women in Technology Hiring Initiative to read as follows:

“14.11 Compliance with County’s Women in Technology Hiring Initiative

At the direction of the Board, the County has established a “Women in Technology” (WIT) Hiring Initiative focused on recruiting, training, mentoring, and preparing all genders, including women, at-risk youth, and underrepresented populations (program participants) for County Information Technology (IT) careers. In support of the subject initiative, IT contractors currently offering certification, training, and/or mentoring programs must make such program(s) available to WIT program participants, if feasible. Contractors must report such programs available to: WITProgram@isd.lacounty.gov.”

6. The Agreement, Section 14.0, ADDITIONAL TERMS, is modified to add Section 14.12 - Campaign Contribution Prohibition Following Final Decision in Contract Proceeding to read as follows:

“14.12 Campaign Contribution Prohibition Following Final Decision in Contract Proceeding

Pursuant to [Government Code Section 84308](#), Contractor and its Subcontractors, are prohibited from making a contribution of more than \$250 to a County officer for twelve (12) months after the date of the final decision in the proceeding involving this Agreement. Failure to comply with the provisions of [Government Code Section 84308](#) and of this paragraph, may be a material breach of this Agreement as determined in the sole discretion of the County.”

7. The Agreement, Section 14.0, ADDITIONAL TERMS, is modified to add Section 14.13 - Compliance with Fair Chance Employment Hiring Practices to read as follows:

“14.13 Compliance with Fair Chance Employment Hiring Practices

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

8. The Agreement, Section 14.0 - Additional Terms, is modified to add Section 14.14 – Compliance with the County Policy of Equity, to read as follows:

“14.14 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.”

9. The Agreement, Section 14.0, ADDITIONAL TERMS, is modified to add Section 14.15 - Prohibition of Participation in Future Solicitation(s) to read as follows:

“14.15 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 agreement. “

10. The Agreement, Section 14.0, ADDITIONAL TERMS, is modified to add Section 14.16 - Compliance With County's Zero Tolerance Policy on Human Trafficking, to read as follows:

“14.16 Compliance With County's Zero Tolerance Policy on Human Trafficking

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

11. The Agreement, Section 21.0 - COVID-19 Vaccinations of County Contractor Personnel is deleted in its entirety and replaced to read as follows:

“21.0 Intentionally Omitted”

12. The Agreement, Exhibit B-1 - Pricing Schedule is deleted in its entirety and replaced with the Exhibit B-2 attached hereto and incorporated herein by reference. Any reference to Exhibit B-1 in the Agreement shall hereafter be replaced with Exhibit B-2.
13. The Agreement, Exhibit C – County's Administration, is deleted in its entirety and replaced with Exhibit C-1 attached hereto and incorporated herein by reference. Any reference to Exhibit C in the Agreement shall hereafter be replaced with Exhibit C-1.
14. The Agreement, Exhibit D – Contractor's Administration, is deleted in its entirety and replaced with Exhibit D-1 attached hereto and incorporated herein by reference. Any reference to Exhibit D in the Agreement shall hereafter be replaced with Exhibit D-1.
15. The Agreement is modified to add Exhibit F, Information and Privacy Requirements, attached hereto and incorporated herein by reference.

16. Except for the changes set forth hereinabove, the Agreement 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 executed by the County's Director of Health Services, or authorized designee, and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer(s), on the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: _____ for
Christina R. Ghaly, M.D.
Director of Health Services

CONTRACTOR

VIZIENT, INC.

By: _____
Signature

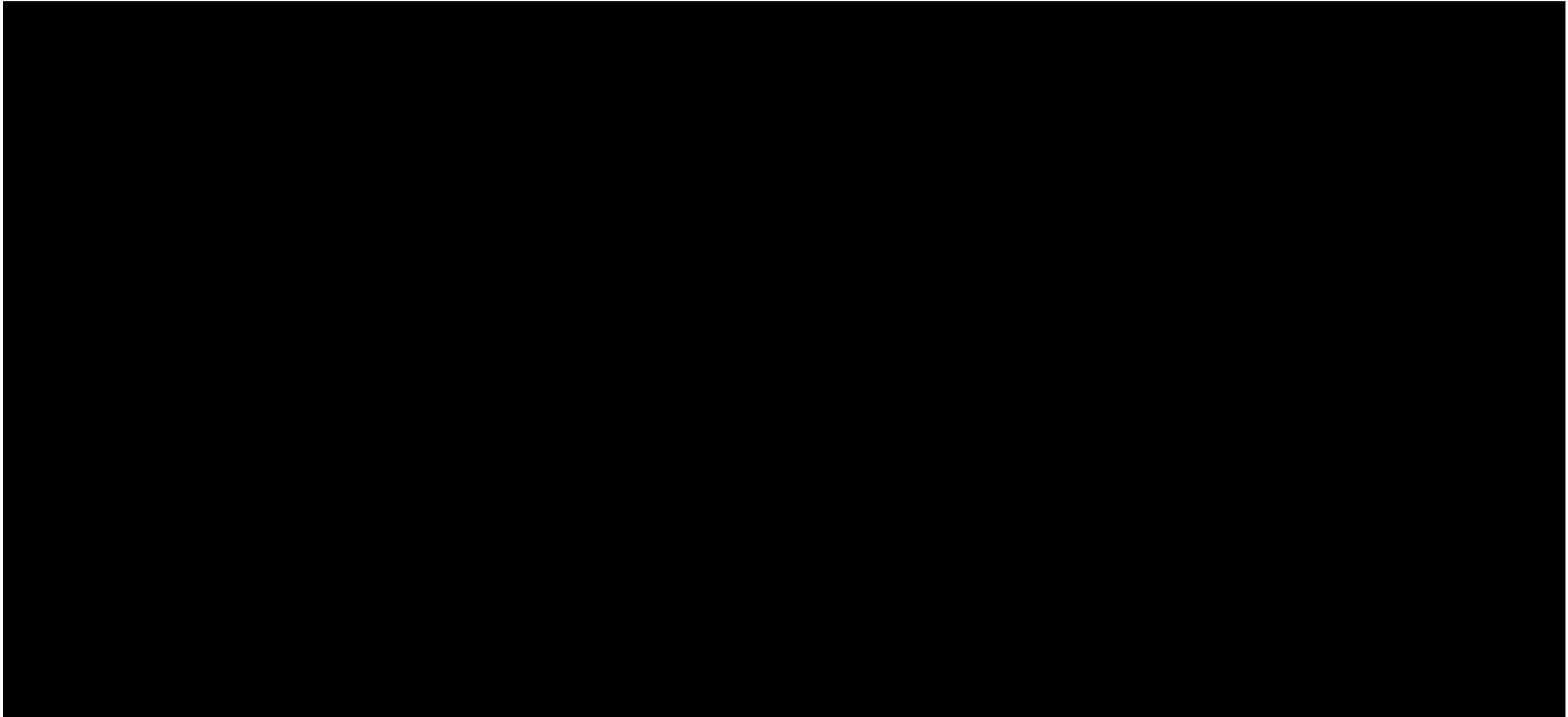
Printed Name

Title

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

By: _____
Deputy County Counsel

**Exhibit B-2
Pricing Schedule**



**EXHIBIT C-1
COUNTY'S ADMINISTRATION**

AGREEMENT NO. H-705957

COUNTY'S PROJECT DIRECTOR:

Name: Dr. Arun Patel
Title: Medical Director
Address: 313 N. Figueroa, Suite 703
Los Angeles, CA 90012
Telephone: (213) 288-8283
E-Mail Address: APatel3@dhs.lacounty.gov

COUNTY'S PROJECT MANAGER:

Name: Roberto Avitia
Title: Clinical Risk Manager
Address: 313 N. Figueroa, Suite 703
Los Angeles, CA 90012
Telephone: (213) 288-8440
E-Mail Address: ravitia@dhs.lacounty.gov

COUNTY'S PROJECT MONITOR:

Name: Roberto Avitia
Title: Clinical Risk Manager
Address: 313 N. Figueroa, Suite 703
Los Angeles, CA 90012
Telephone: (213) 288-8440
E-Mail Address: ravitia@dhs.lacounty.gov

**EXHIBIT D-1
CONTRACTOR'S ADMINISTRATION**

CONTRACTOR'S NAME: Vizient, Inc.

AGREEMENT NO: H-705957

CONTRACTOR'S PROJECT MANAGER:

Name: Tammy Williams
Title: PI Program Director
Address: 433 W Van Buren Suite 805
Chicago, IL 60607
Telephone: (312) 775-4380
E-Mail Address: Tammy.Williams@vizientinc.com

CONTRACTOR'S AUTHORIZED OFFICIAL(S)

Name: Ellen Flynn
Title: Principal
Address: 433 W Van Buren Suite 805
Chicago, IL 60607
Telephone: 312-775-4294
E-Mail Address: Ellen.Flynn@Vizientinc.com

Notices to Contractor shall be sent to the following:

Name: Ellen Flynn
Title: Principal
Address: 433 W Van Buren Suite 805
Chicago, IL 60607
Telephone: 312-775-4294
E-Mail Address: Ellen.Flynn@Vizientinc.com

EXHIBIT F

INFORMATION SECURITY AND PRIVACY REQUIREMENTS

CONTRACTOR'S NAME: Vizient Inc.

COUNTY AGREEMENT / CONTRACT: Vizient Inc. – Patient Safety Organization Services Agreement No. H-705957

The County of Los Angeles (“County”) is committed to safeguarding the Integrity of County systems, Data, Information and protecting the privacy rights of the individuals that it serves. This Information Security and Privacy Requirements Exhibit F (“Exhibit”) sets forth County’s and Contractor’s commitment and agreement to fulfill each of their obligations under applicable state and federal laws, rules and 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 Contractor before the Effective Date of the Contract (as defined below) 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 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 Contractor, entitling 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 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 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 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 County, is under the direct control of County, whether or not they are paid by 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 County.

2. INFORMATION SECURITY AND PRIVACY PROGRAMS

- a. **Information Security Program.** Contractor shall maintain a company-wide Information Security Program designed to evaluate Risks to the Confidentiality, Availability and Integrity of County Information covered under the 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 and compliance with all applicable laws and regulations and to address new and emerging Threats and Risks.

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

Contractor's Information Security Program shall:

- Protect the Confidentiality, Integrity and Availability of County Information in 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 and 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.** 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. 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. 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. Contractor's Privacy Program shall perform ongoing monitoring and audits of operations to identify and mitigate privacy Threats.

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

Contractor's Privacy Program shall include: A Privacy Program framework that identifies and ensures that 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 County, and County shall retain exclusive rights and ownership thereto. County Information shall not be used by Contractor for any purpose other than as required under the Contract, nor shall such or any part of such be disclosed, sold, assigned, leased, or otherwise disposed of, to third parties by Contractor, or commercially exploited or otherwise used by, or on behalf of, Contractor, its officers, directors, employees or agents. Contractor may assert no lien on or right to withhold from County, any County Information it receives from, receives addressed to, or stores on behalf of, County. Notwithstanding the foregoing, 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 Contractor, provided that (i) no County Information in such aggregated or compiled pool is identifiable as originating from, or can be traced back to 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. Contractor specifically consents to 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

Contractor may use County Information only as necessary to carry out its obligations under the Contract. 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

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.** Contractor agrees that all County Information is Confidential and proprietary to County regardless of whether such Information was disclosed intentionally or unintentionally or marked as "confidential".
- b. **Disclosure of County Information.** Contractor may disclose County Information only as necessary to carry out its obligations under the Contract, or as required by law, and is prohibited from using County Information for any other purpose without the prior express written approval of County's contract administrator in consultation with 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, Contractor shall notify County's contract administrator immediately and prior to any such disclosure, to provide 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, Contractor may encounter County Non-public Information ("NPI") in the course of performing the 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. Contractor shall not disclose or publish any County NPI and material received or used in performance of the Contract. This obligation is perpetual.
- d. **Individual Requests.** Contractor shall acknowledge any request or instructions from County regarding the exercise of any individual's privacy rights provided under applicable federal or state laws. Contractor shall have in place appropriate policies and procedures to promptly respond to such requests and comply with any request or instructions from County within seven (7) calendar days. If an individual makes a request directly to Contractor involving County Information, Contractor shall notify County within five (5) calendar days and County will coordinate an appropriate response, which may include instructing Contractor to assist in fulfilling the request. Similarly, if Contractor receives a privacy or security complaint from an individual regarding County Information, Contractor shall notify County as described in Section 14 SECURITY AND PRIVACY INCIDENTS, and County will coordinate an appropriate response.
- e. **Retention of County Information.** Contractor shall not retain any County Information for any period longer than necessary for Contractor to fulfill its obligations under the Contract and applicable law, whichever is longest.

7. CONTRACTOR EMPLOYEES

Contractor shall perform background and security investigation procedures in the manner prescribed in this Section unless the Contract prescribes procedures for conducting background and security investigations that are no less stringent than the procedures described in this Section.

To the extent permitted by applicable law, Contractor shall screen and conduct background investigations on all Contractor employees and Subcontractors as appropriate to their role for potential security Risks. Such background investigations must be obtained through fingerprints submitted to the California Department of Justice to include State, local and federal level review and conducted in accordance with the law, may include criminal and financial history to the extent permitted under the law and will be repeated on a regular basis. The fees associated with the background investigation shall be borne by Contractor, regardless of whether the member of the Contractor's staff passes or fails the background investigation. Contractor, in compliance with its legal obligations, shall conduct an individualized assessment of their employees, agents, and volunteers regarding the nature and gravity of a criminal offense or conduct; the time that has passed since a criminal

offense or conduct and completion of the sentence; and the nature of the access to County Information to ensure that no individual accesses County Information whose past criminal conduct poses a risk or threat to County Information.

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 Contractor.

Contractor shall supply each of its employees with appropriate, annual training regarding Information Security procedures, Risks and Threats. 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:** Contractor's Privacy Policies and procedures as described in Section 2b. Privacy Program.

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

8. SUBCONTRACTORS AND THIRD PARTIES

County acknowledges that in the course of performing its services, 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. 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 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) 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 the Contract.

Contractor shall obtain advance written approval from County's Chief Information Security Officer and/or Chief Privacy Officer, or authorized designee(s), prior to subcontracting any 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, 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 County's Chief Information Security Officer.

Contractor shall encrypt County Information transmitted on networks outside of Contractor's control with Transport Layer Security (TLS) 1.2 or higher 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, or authorized designee.

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 County's Chief Information Security Officer.

10. RETURN OR DESTRUCTION OF COUNTY INFORMATION

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 the Contract for any reason, Contractor shall (i) promptly return or destroy, at 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 the Contract; and (iii) deliver or destroy, at 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 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 County requests be returned to County, Contractor shall provide a written attestation on company letterhead certifying that all documents and materials have been delivered to County. For documents or materials referred to in Subsections (i) and (ii) of this Section that County requests be destroyed, 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 County's request, Contractor shall return all hardware, if any, provided by County to Contractor. The hardware should be physically sealed and returned via a bonded courier or as otherwise directed by County.
- b. **Method of Destruction.** 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 County Information cannot be retrieved. Contractor will provide an attestation on company letterhead and certified documentation from a media destruction firm, detailing the destruction method used and 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 County's request. On termination or expiration of the Contract, County will return or destroy all Contractor's Information marked as confidential (excluding items licensed to County hereunder, or that provided to County by Contractor hereunder), at County's option.

11. PHYSICAL AND ENVIRONMENTAL SECURITY

All Contractor facilities that process County Information must 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 must also 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

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.

Contractor shall also maintain and provide 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 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 County's Project Director or County's 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 Contractor and approved by County's Chief Information Security Officer, or authorized designee, in writing. The foregoing requirements shall apply to back-up media stored by Contractor at off-site facilities.

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, which shall include without limitation multi-factor authentication, use of virtual private networks (VPN), authorization and event logging;
- c. Contractor will conduct regularly, no less frequently 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. 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, Contractor shall ensure that 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, Contractor shall:

- a. Promptly notify the Department of Health Services ("DHS") Chief Information Security Officer, the Departmental Information Security Officer and the DHS Chief Privacy Officer of any Incidents involving County Information, within seventy- two (72) hours of detection of the Incident. All notifications shall be submitted via encrypted email and telephone to the following:

DHS Chief Information Security Officer and DHS Chief Privacy Officer:

via the Enterprise Help Desk at helpdesk@dhs.lacounty.gov and by phone at (323) 409-8000.

DHS Chief Information Security Officer:

Jeff Zito
jzito@dhs.lacounty.gov

DHS Chief Privacy Officer:

Jennifer Papp, RD, CHPC
jpapp@dhs.lacounty.gov

Departmental Information Security Officer:

Vahe Haratounian
vharatounian@dhs.lacounty.gov

County Chief Information Security Officer and Chief Privacy Officer email

CISO-CPO_Notify@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 County to investigate the Incident and seek to identify the specific County Information involved in the Incident upon County's written request, without charge, unless the Incident was caused by the acts or omissions of County. As Information about the Incident is collected or otherwise becomes available to Contractor, and unless prohibited by law, Contractor shall provide Information regarding the nature and consequences of the Incident that are reasonably requested by County to allow County to notify affected individuals, government agencies, and/or credit bureaus.
- d. Immediately initiate the appropriate portions of its 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, County, law firms, and and/or law enforcement agencies at the direction of County to help determine the nature, extent and source of any Incident and reasonably assist and cooperate with County on any additional disclosures that County is required to make as a result of the Incident.
- f. Allow County or its third-party designee at County's election to perform audits and tests of 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 the Contract and Exhibit, 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 or otherwise failure to comply with any of the terms or conditions of this Exhibit.

15. NON-EXCLUSIVE EQUITABLE REMEDY

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 County, and therefore, that upon any such breach, 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 the Contract and be grounds for immediate termination of the Contract in the exclusive discretion of County.

16. AUDIT AND INSPECTION

- a. **Self-Audits.** 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 County.

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

- b. **County Requested Audits.** Upon County's request Contractor shall complete a questionnaire regarding Contractor's Information Security and/or program. County shall pay for County requested audit unless the auditor finds that Contractor has materially breached this Exhibit, in which case Contractor shall bear all costs of the audit; and if the audit reveals material non-compliance with this Exhibit, County may exercise its termination rights underneath the Contract.

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

17. CYBER LIABILITY INSURANCE

Contractor shall secure and maintain cyber liability insurance coverage in the manner prescribed in this Section unless the Contract prescribes cyber liability insurance coverage provisions, and those provisions are no less stringent than those described in this Section.

Contractor shall secure and maintain cyber liability insurance coverage with limits of at least \$5,000,000 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 Contract. Contractor shall add County as an additional insured to its cyber liability insurance policy and provide to County certificates of insurance evidencing the foregoing upon County's request. The procuring of the insurance described herein, or delivery of the certificates of insurance described herein, shall not be construed as a limitation upon 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.

18. PRIVACY AND SECURITY INDEMNIFICATION

In addition to the indemnification provisions in the Contract, Contractor agrees to indemnify, defend, and hold harmless 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, and amounts paid in any settlement arising from, connected with, or relating to:

- Contractor's violation of any federal and state laws in connection with its accessing, collecting, processing, storing, disclosing or otherwise using County Information;
- Contractor's failure to perform or comply with any terms and conditions of the Contract; 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 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, 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.

AGREEMENT BY AND BETWEEN COUNTY OF LOS ANGELES AND
DATIX (USA) INC. FOR SAFETY INTELLIGENCE SERVICES

Amendment No. 5

THIS AMENDMENT is made and entered into this ____ day of November 2024,

By and between

COUNTY OF LOS ANGELES
(hereafter "County")

And

DATIX (USA) INC.
(hereafter "Contractor")

Business Address:
311 S. Wacker Drive, Suite 4900
Chicago, IL 60606

WHEREAS, reference is made to that certain document entitled "Agreement By and Between County of Los Angeles and Datix (USA) Inc. for Safety Intelligence Services", dated May 1, 2019, and further identified as Agreement No. H-707926, including any amendments and any other modifications thereto (cumulatively hereafter referred to as "Agreement"); and

WHEREAS, on November 19, 2024, the Board of Supervisors ("Board") delegated authority to the Director of Health Services, or designee, to among other delegations, (i) extend the term of the Agreement; (ii) increase the maximum obligation; and (iii) add, delete, and/or change non-substantive terms and conditions and/or make any changes as required by applicable laws and/or policies; and

WHEREAS, the Agreement is slated to expire on December 31, 2024; and

WHEREAS, it is the intent of the parties hereto to: (i) amend the Agreement to extend its term with five (5) additional one-year automatic extensions through December 31, 2029, (ii) increase the maximum obligation by \$2,415,663 which includes additional Pool Dollars, for the extensions through December 31, 2029, and (iii) provide for the other changes set forth herein; and

WHEREAS, the Agreement, Section 13.4 (Amendment) provides that such changes may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, the Contractor warrants that it continues to possess the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall be effective upon execution.
2. The Agreement, Paragraph 5.0, TERM AND TERMINATION, Section 5.1 and Section 5.2 are deleted in their entirety and replaced to read as follows:

“5.1 The term of this Agreement is effective May 1, 2019, through December 31, 2024, with five (5) additional one (1) year automatic renewals through December 31, 2029, unless earlier terminated or extended, in whole or in part, as provided in the Agreement.”

3. The Agreement, Paragraph 6.0, PRICES AND FEES, Section 6.2 Maximum Obligation of County, is deleted in its entirety and replaced to read as follows:

“6.2 Maximum Obligation of County

For the period of May 1, 2019, to December 31, 2024, the maximum obligation of the COUNTY shall not exceed \$2,593,110. For the extension option consisting of five (5) one-year terms from January 1, 2025 to December 31, 2029, the maximum obligation of the COUNTY shall not exceed \$2,415,663 which is comprised of \$1,803,766 for the utilization of the SI Software platform modules and \$611,897 in Pool Dollars, for an Agreement total maximum sum of \$5,008,774 as set forth in Exhibit B-2, Pricing Schedule which includes \$1,320,190 in Pool Dollars consisting of \$611,897 in new funds, \$501,718 in unspent Pool Dollars and \$206,575 in spent Pool Dollars from the current term expiring on December 31, 2024.”

4. The Agreement, Section 13.0, ADDITIONAL TERMS, is modified to add Section 13.10 - Public Records Act to read as follows:

“13.10 Public Records Act

13.10.1 Any documents submitted by the Contractor 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, provided that the County, to the extent legally permitted, will provide

the Contractor with five (5) business days' written notice prior to such disclosure.

13.10.2 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 finally awarded, including reasonable attorney's fees, arising under the Public Records Act."

5. The Agreement, Section 13.0, ADDITIONAL TERMS, is modified to add Section 13.11- Compliance with County's Women in Technology Hiring Initiative to read as follows:

"13.11 Compliance with County's Women in Technology Hiring Initiative

At the direction of the Board, the County has established a "Women in Technology" (WIT) Hiring Initiative focused on recruiting, training, mentoring, and preparing all genders, including women, at-risk youth, and underrepresented populations (program participants) for County Information Technology (IT) careers. In support of the subject initiative, if IT contractors offer certification, training, and/or mentoring programs, such IT contractors, to the extent applicable to it, must make such program(s) available to WIT program participants, if feasible. Contractors must report such programs available to: WITProgram@isd.lacounty.gov."

6. The Agreement, Section 13.0, ADDITIONAL TERMS, is modified to add Section 13.12 - Campaign Contribution Prohibition Following Final Decision in Contract Proceeding to read as follows:

"13.12 Campaign Contribution Prohibition Following Final Decision in Contract Proceeding

Pursuant to [Government Code Section 84308](#), Contractor, are prohibited from making a contribution of more than \$250 to a County officer for twelve (12) months after the date of the final decision in the proceeding involving this Agreement. Failure to comply with the provisions of [Government Code Section 84308](#) and of this paragraph, may be a material breach of this Agreement as determined in the sole discretion of the County."

7. The Agreement, Section 13.0, ADDITIONAL TERMS, is modified to add Section 13.13 – Compliance with Fair Chance Employment Hiring Practices to read as follows:

“13.13 Compliance with Fair Chance Employment Hiring Practices

To the extent applicable, the Contractor, , must comply with fair chance employment hiring practices set forth in [California Government Code Section 12952](#). Contractor’s violation of this paragraph of the Agreement may constitute a material breach of the Agreement. In the event of such material breach, County may, in its sole discretion, terminate the Agreement.”

8. The Agreement, Section 13.0, ADDITIONAL TERMS, is modified to add Section 13.14 – Compliance with the County Policy of Equity, to read as follows:

“13.14 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 acknowledges and certifies receipt and understanding of the CPOE and will provide notification to its employees. 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.”

9. The Agreement, Section 13.0, ADDITIONAL TERMS, is modified to add Section 13.15 - Prohibition of Participation in Future Solicitation(s) to read as follows:

“13.15 Prohibition from Participation in Future Solicitation(s)

To the extent applicable, the Contractor or its subsidiary, is prohibited from submitting a bid or proposal in a County solicitation if the Contractor has provided advice or consultation for the solicitation. A Contractor is also prohibited from submitting a bid or proposal in a County solicitation if the 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 from participation in the County solicitation or the termination or cancellation of any resultant County agreement.”

10. The Agreement, Section 13.0, ADDITIONAL TERMS, is modified to add Section 13.16 - Compliance With County’s Zero Tolerance Policy on Human Trafficking, to read as follows:

“13.16 Compliance With County’s Zero Tolerance Policy on Human Trafficking

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 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 Agreement. 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 Contractor’s staff pursuant to this paragraph will not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Agreement.”

11. The Agreement, Section 20.0 - COVID-19 Vaccinations of County Contractor Personnel is deleted in its entirety and replaced to read as follows:

“20.0 Intentionally Omitted”

12. The Agreement, Exhibit B-1 - Pricing Schedule is deleted in its entirety and replaced with the Exhibit B-2 attached hereto as Exhibit A and incorporate herein by reference. Any reference to Exhibit B-1 in the Agreement shall hereafter be replaced with Exhibit B-2.
13. The Agreement, Exhibit C-1 – County’s Administration, is deleted in its entirety and replaced with Exhibit C-2 attached hereto as Exhibit B and incorporated herein by reference. All references to Exhibit C-1 in the Agreement shall hereafter be replaced by Exhibit C-2.
14. The Agreement, Exhibit D-1 – Contractor’s Administration, is deleted in its entirety and replaced with Exhibit D-2 attached hereto as Exhibit C and

incorporated herein by reference. All references to Exhibit D-1 in the Agreement shall hereafter be replaced by Exhibit D-2.

15. Except for the changes set forth hereinabove, the Agreement 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 executed by the County's Director of Health Services, or authorized designee, and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer(s), on the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: _____ for
Christina R. Ghaly, M.D.
Director of Health Services

CONTRACTOR

DATIX (USA), INC.

By: _____
Signature

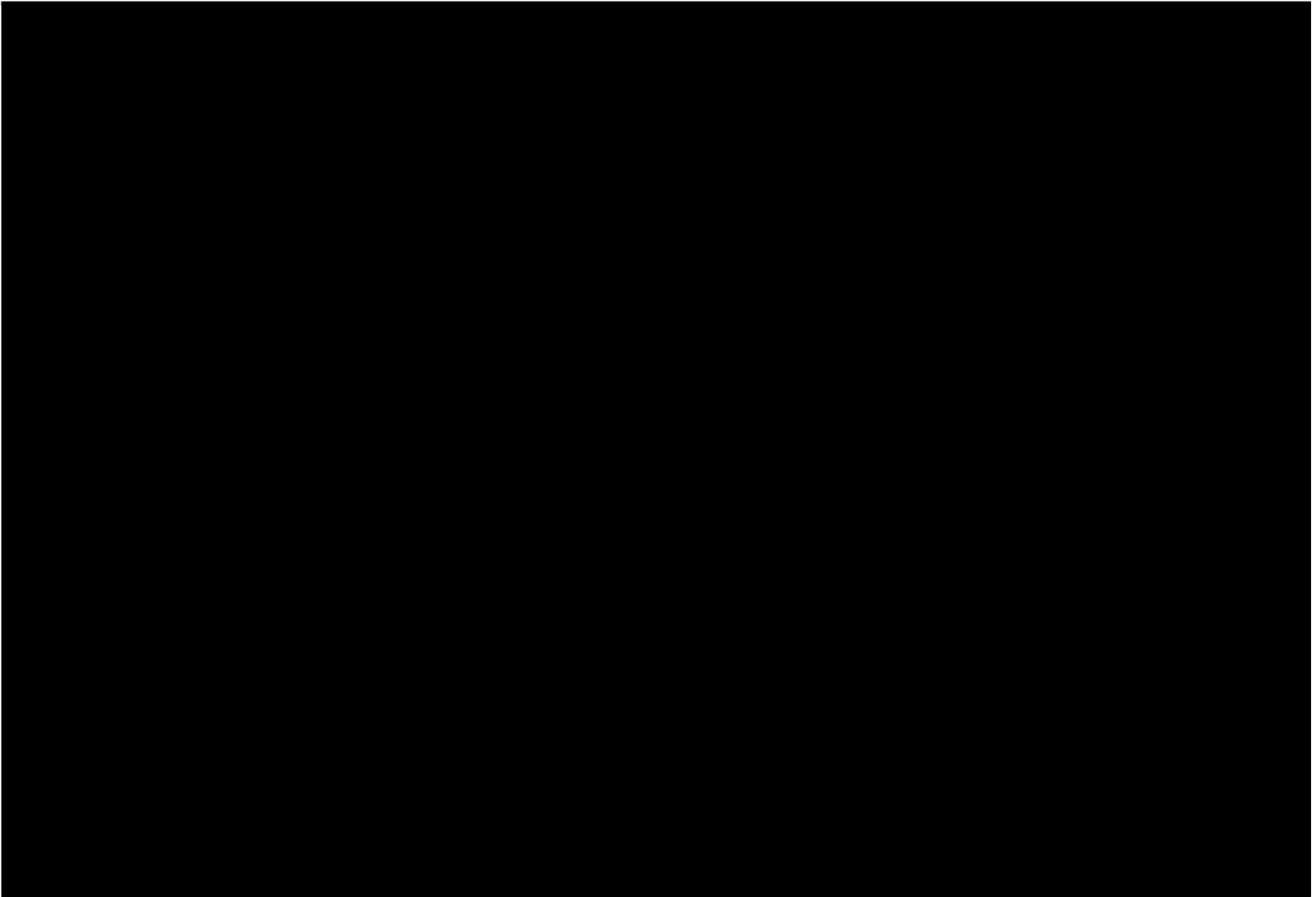
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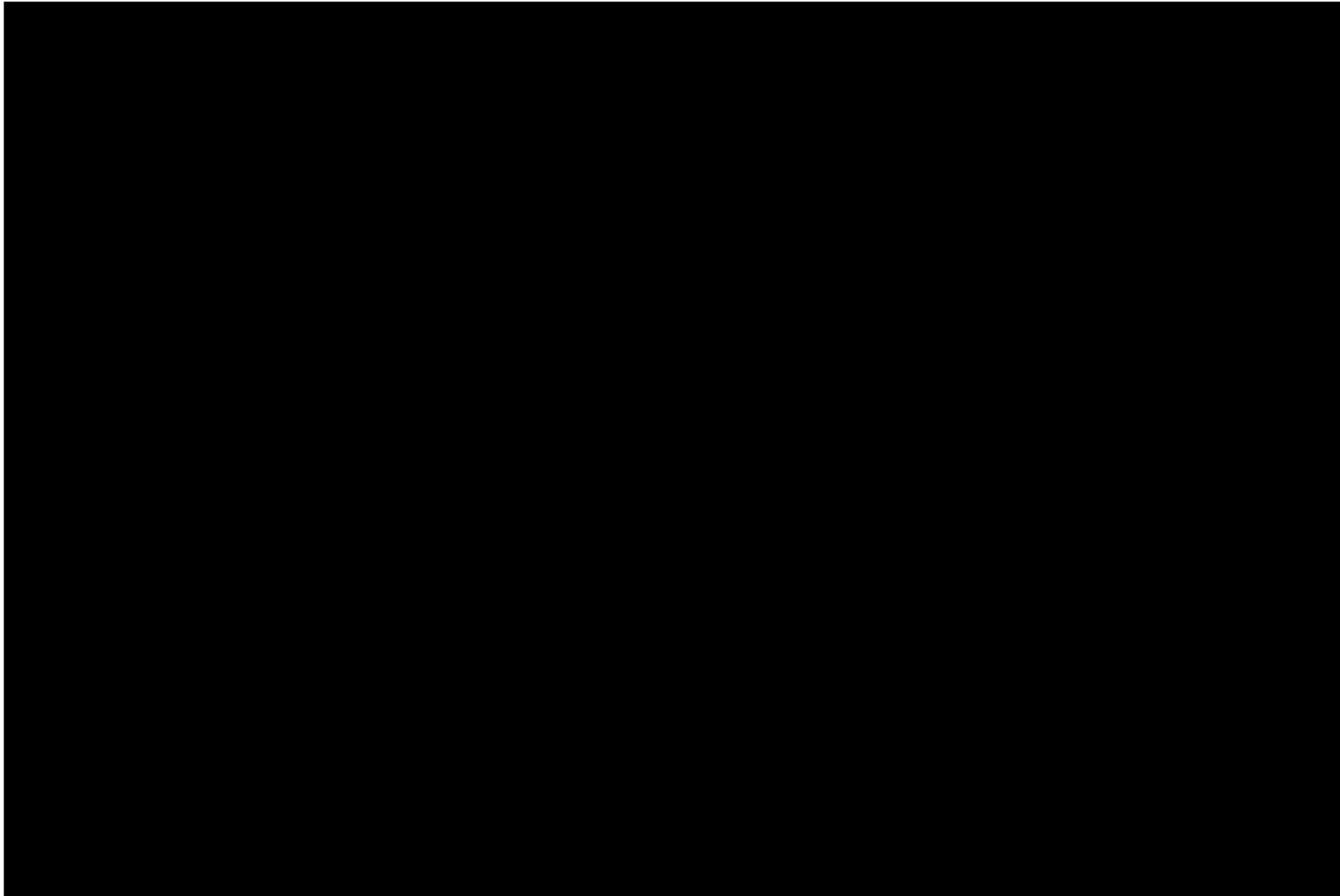
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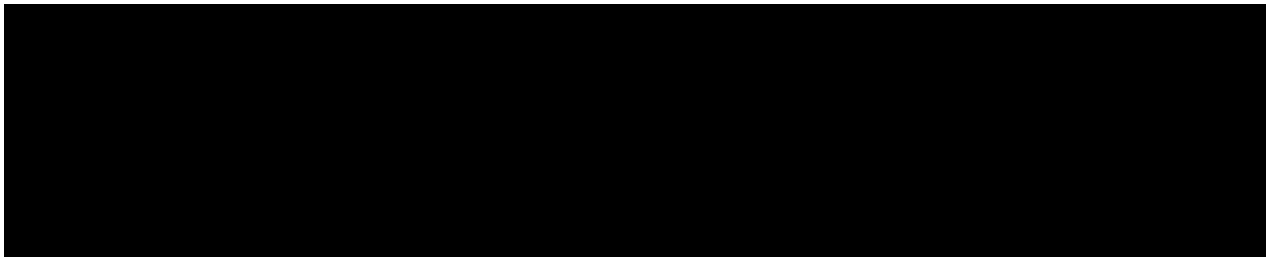
APPROVED AS TO FORM ONLY:
DAWYN R. HARRISON
County Counsel

By: _____
Deputy County Counsel

Exhibit A to Amendment No. 5
Exhibit B-2
Pricing Schedule







**EXHIBIT B TO AMENDMENT NO. 5
EXHIBIT C-2
COUNTY'S ADMINISTRATION**

AGREEMENT NO. H-707926

COUNTY'S PROJECT DIRECTOR:

Name: Dr. Arun Patel
Title: Medical Director
Address: 313 N. Figueroa, Suite 703
Los Angeles, CA 90012
Telephone: (213) 288-8283
E-Mail Address: APatel3@dhs.lacounty.gov

COUNTY'S PROJECT MANAGER:

Name: Roberto Avitia
Title: Clinical Risk Manager
Address: 313 N. Figueroa, Suite 703
Los Angeles, CA 90012
Telephone: (213) 288-8440
E-Mail Address: ravitia@dhs.lacounty.gov

COUNTY'S PROJECT MONITOR:

Name: Roberto Avitia
Title: Clinical Risk Manager
Address: 313 N. Figueroa, Suite 703
Los Angeles, CA 90012
Telephone: (213) 288-8440
E-Mail Address: ravitia@dhs.lacounty.gov

**EXHIBIT C TO AMENDMENT NO. 5
EXHIBIT D-2
CONTRACTOR'S ADMINISTRATION**

CONTRACTOR'S NAME: Datix (USA) Inc.

AGREEMENT NO: H-707926

CONTRACTOR'S PROJECT MANAGER:

Name: Hassan Khalil
Title: Customer Success Manager
Address: 155 North Wacker Drive, Suite 1930
Chicago, IL 60606
Telephone: _____
E-Mail Address: hassan.khalil@rldatix.com

CONTRACTOR'S AUTHORIZED OFFICIAL(S)

Name: Dustin Baker
Title: Director of Engagement
Address: 11 Ewall Street
Mt Pleasant, SC 29464
Telephone: (854) 800-0797
E-Mail Address: dbaker@rldatix.com

Name: Joseph Cho
Title: Technical Services
Address: 155 North Wacker Drive, Suite 1930
Chicago, IL 60606
Telephone: (312) 724-7776 X224
E-Mail Address: joseph.cho@datixhealth.com

Notices to Contractor shall be sent to the following:

Name: Patrick Walker
Title: Relationship Executive
Address: 155 North Wacker Drive, Suite 1930
Chicago, IL 60606
Telephone: _____
E-Mail Address: patrick.walker@galenhealthcare.com

SOLE SOURCE CHECKLIST

Department Name: _____

- New Sole Source Contract
 - Sole Source Amendment to Existing Contract
- Date Existing Contract First Approved: _____

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



 Chief Executive Office

 Date

SOLE SOURCE CHECKLIST

Department Name: _____

- New Sole Source Contract
 - Sole Source Amendment to Existing Contract
- Date Existing Contract First Approved: _____

Check (✓)	JUSTIFICATION FOR SOLE SOURCE CONTRACTS AND AMENDMENTS Identify applicable justification and provide documentation for each checked item.
	➤ Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. A monopoly is an <i>“Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist.”</i>
	➤ Compliance with applicable statutory and/or regulatory provisions.
	➤ Compliance with State and/or federal programmatic requirements.
	➤ Services provided by other public or County-related entities.
	➤ Services are needed to address an emergent or related time-sensitive need.
	➤ The service provider(s) is required under the provisions of a grant or regulatory requirement.
	➤ 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.
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	➤ Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.
	➤ It is more cost-effective to obtain services by exercising an option under an existing contract.
	➤ It is in the best economic interest of the County (e.g., significant costs 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.



 Chief Executive Office

 Date

BOARD LETTER/MEMO CLUSTER FACT SHEET

 Board Letter

 Board Memo

 Other

CLUSTER AGENDA REVIEW DATE	10/30/2024		
BOARD MEETING DATE	11/26/2024		
SUPERVISORIAL DISTRICT AFFECTED	<input checked="" type="checkbox"/> All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input type="checkbox"/> 5 th		
DEPARTMENT(S)	Office of the Assessor (Assessor)		
SUBJECT	Authorization for the Assessor to Execute a Sole Source Agreement with Oracle America, Inc. (Oracle) for Phase V of the Assessor Modernization Project (AMP)		
PROGRAM	N/A		
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: Each AMP phase is heavily dependent on data structures, business rules, and system components established and developed in the preceding phases. Maintaining the same vendor is critical for the project to remain on track. Introducing a new vendor to the ongoing AMP project would introduce new risk, significantly disrupt the project process, create major delays, and increase costs.		
SB 1439 SUPPLEMENTAL DECLARATION FORM REVIEW COMPLETED BY EXEC OFFICE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – Not Applicable If unsure whether a matter is subject to the Levine Act, email your packet to EOLevineAct@bos.lacounty.gov to avoid delays in scheduling your Board Letter.		
DEADLINES/ TIME CONSTRAINTS	The new AMP system went live on August 5, 2024 and Phase IV is concluding in November 2024. Phase V should begin in November/December 2024.		
COST & FUNDING	Total cost: \$13,200,000	Funding source: Funding will be included in the FY 2024-25 Final Adopted Budget	
	TERMS (if applicable):		
	Explanation: Phase V will provide software development and operational support for the successful delivery of the 2025 Roll, extensive knowledge transfer to support the Assessor's effort to become self-sustaining, security enhancements and architecture to replace the personal property legacy system.		
PURPOSE OF REQUEST	Phase V of AMP will be the final phase of the legacy system replacement efforts with Oracle Consulting. Phase V, as mentioned above, will focus on operations of the new system, and provide architecture and support for the Assessor to replace the final legacy systems.		
BACKGROUND (include internal/external issues that may exist including any related motions)	AMP is a five-phase agile development project that began in 2015 using Oracle as the sole contractor. Three (3) of the phases have been successfully completed. Phase IV has already delivered major milestones and had a system cutover in August 2024. The Phase IV agreement is scheduled to be completed by November 2024.		
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:		
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:		
DEPARTMENTAL CONTACTS	Name, Title, Phone # & Email: <ul style="list-style-type: none"> • Scott Thornberry, Assistant Assessor, 213-974-2325, SThornberry@assessor.lacounty.gov • Kevin Lechner, Assistant CIO, 213-893-0905, KLechner@assessor.lacounty.gov 		



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



November 26, 2024

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:

**AUTHORIZATION FOR THE ASSESSOR TO EXECUTE A SOLE SOURCE
AGREEMENT WITH ORACLE AMERICA, INC. (ORACLE) FOR PHASE V OF THE
ASSESSOR MODERNIZATION PROJECT (AMP)
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

CIO RECOMMENDATION: APPROVE (X)

SUBJECT:

This letter requests the Board to approve the execution of a Sole Source Agreement with Oracle America, Inc. (Oracle) for the implementation of Phase V of the Assessor Modernization Project (AMP).

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Assessor, or designee, to execute a substantially similar Sole Source Agreement (Attachment I) with Oracle, effective upon execution, and delegate authority for necessary subsequent Change Orders and Amendments for the implementation of AMP Phase V at the maximum amount of \$13,200,000, which includes a contingency of 10%, with concurrence from the Chief Executive Office (CEO) and Chief Information Office (CIO). The attached Agreement was approved as to form by County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

BACKGROUND

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

On June 16, 2015, your Board authorized the first Work Order for AMP under the Master Service Agreement with Oracle to develop Phase I, which produced the overall enterprise architecture and foundation for AMP. On November 9, 2016, your Board authorized Phase II of AMP, which built on the groundwork developed in Phase I and provided additional functional components. On May 29, 2018, your Board authorized Phase III of AMP, which continued the development of key processes designed to intake, manage and initiate data and documents to support new AMP business processes, and further laid the architectural and technical foundation for Phase IV. On October 29, 2019, your Board authorized Phase IV of AMP, which involved the development of new business functionalities and system processes to decommission the Assessor's mainframe known as the Property Database (PDB). Your Board approved subsequent Amendments to Phase IV extending the development and testing schedule, and increasing scope to provide extended operational support and stabilization services for AMP. On August 5, 2024, the Assessor decommissioned its mainframe and cut over to AMP.

This request, Phase V, will complete the Assessor's legacy efforts with Oracle focusing on operational stability, knowledge transfer, and design and architecture for the Assessor's final major legacy systems including the IBM AS/400 (AS400) and the Possessory Interest Database Management System (PIDBMS). Phase V will provide software development and operational support for the successful delivery of the 2025 Assessment Roll. The duration of Phase V is anticipated to be twelve (12) months.

JUSTIFICATION

AMP was built to replace the Assessor's legacy systems. Each phase was heavily dependent on data structures, business rules, and system components established and developed in the preceding phases. Phase V will build on the key components developed in the previous four (4) phases. Maintaining the same vendor is critical for operational stability and knowledge transfer.

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

Throughout Phase III and IV, the Assessor used the acquired knowledge to gradually reduce its dependence on Oracle. In Phase V, the Assessor will use Oracle to enhance Oracle built functionality, ensure the successful delivery of the 2025 Assessment roll, and provide final knowledge transfer of the system. Assessor, at the end of this phase, will take over full functional development of AMP to continue its legacy replacement efforts of surviving systems.

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

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

Implementation of Strategic Plan Goals

The recommended action supports the County's Strategic Plan, Goal North Star 3 A. Communication and Public Access by providing increased transparency and accessibility to government services, communication and driving efficient public services and Goal North Star 3 F. Flexible and Efficient Infrastructure by evaluating our current Information Technology (IT) infrastructure and capital projects, and address identified needs to replace or modernize legacy/obsolete infrastructure and to lavage technological advancements that increase visibility, accessibility, and ease of use for residents.

FISCAL IMPACT/FINANCING

The total maximum amount for AMP Phase V Sole Source Agreement is \$13,200,000. The funding will be included in the Assessor's FY 2024-25 Final Adopted Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In accordance with Board Policy 5.100, Sole Source Contracts, the Assessor provided notification to the Board on May 17, 2023, four weeks prior to initiating negotiations for a new Sole Source Agreement with Oracle for AMP Phase V. On August 21, 2023, an update to your Board was provided regarding the change from a proposed new contract to amending the existing Sole Source Agreement for AMP Phase IV. On July 17, 2024, the Assessor provided notification to resume negotiations for AMP Phase V to the Board.

The proposed Agreement includes all Board required provisions and establishes the negotiated terms and conditions under which Oracle services will be acquired including: i) a statement of work; ii) a schedule of prices and fees; iii) termination provisions; and iv) County's standard terms and conditions. The County and Oracle have negotiated several terms and conditions in the proposed Agreement that depart from the County's standard terms and conditions. Several of these departures were previously approved by the Board in connection with the Master Service Agreements (MSA) Work Order, including provisions with respect to representations and warranties, the Contractor's termination rights, indemnification obligations, remedies, and limitations of liability.

Key issues that were negotiated in the proposed Agreement are: i) defined terms; ii) joint ownership to intellectual property rights to the work created under the Agreement; iii) acceptance criteria for services and deliverables; iv) record retention; v) extended warranty period; vi) indemnification rights; vii) remedies for breach; viii) irrevocable license for Oracle's intellectual property incorporated in AMP; and ix) limitation of liabilities capped at 2x fees paid under the Agreement with certain provisions excluded from this limitation. All of these negotiated items are the same as in the Phase IV agreement your Board previously reviewed and approved.

The Chief Information Officer (CIO) has reviewed this request and recommends approval.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will have no negative impact on current public services or projects, nor will it affect the Assessor's production of the tax roll. Approval of the recommendation will ensure the Assessor continues to develop a modern assessment system to enhance its business operations and improve service delivery.

Respectfully submitted,

Reviewed by:

JEFFREY PRANG
Assessor

PETER LOO
Chief Information Officer

JP:SMH:st

Enclosures

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



AGREEMENT

BY AND BETWEEN

COUNTY OF LOS ANGELES

AND

ORACLE AMERICA, INC.

Assessor Modernization Project (Phase V)

**REQUIRED AGREEMENT PROVISIONS
TABLE OF CONTENTS**

PARAGRAPH	TITLE	PAGE
<u>RECITALS</u>		2
1.0	APPLICABLE DOCUMENTS	3
2.0	DEFINITIONS	4
2.1	Acceptance	4
2.2	Acceptance Certificate	4
2.3	Agreement Term	4
2.4	Assessor	4
2.5	Change Order	4
2.6	Contractor	4
2.7	Contractor Works.....	5
2.8	Contractor’s Project Director	5
2.9	Contractor’s Project Manager	5
2.10	County Data	5
2.11	County’s Project Director	5
2.12	County’s Project Manager	5
2.13	Day(s).....	5
2.14	Defect.....	6
2.15	Deliverable(s).....	6
2.16	Documentation	6
2.17	Effective Date	6
2.18	Fees	6
2.19	Final Acceptance.....	6
2.20	Fiscal Year	6
2.21	Interfaces.....	6
2.22	Joint Property	7
2.23	Licensed Software.....	7
2.24	Optional Work	7
2.25	Personal Data	7
2.26	Pool Dollars	7
2.27	Production Use.....	7
2.28	Professional Services	8

**REQUIRED AGREEMENT PROVISIONS
TABLE OF CONTENTS**

PARAGRAPH	TITLE	PAGE
2.29	Services	8
2.30	Solution	8
2.31	Specifications	8
2.32	Subcontractor	8
2.33	Third Party Product.....	8
3.0	INTELLECTUAL PROPERTY.	9
3.1	Ownership of County Data, Contractor Works and Joint Property.	9
3.2	Third Party Product; County Third Party Product.	10
4.0	SERVICES.....	10
4.1	Services Generally.	10
4.2	Services.	10
4.3	Training.....	11
4.4	Optional Work	11
4.5	Multi-Vendor Environment	12
4.6	Time Is of the Essence	13
5.0	ACCEPTANCE	13
5.1	Acceptance Criteria.....	13
5.2	Acceptance Tests	13
5.3	Production Use.....	14
5.4	Solution Use.....	14
5.5	Final Acceptance.....	14
5.6	Failed Testing.....	16
6.0	TERM OF AGREEMENT	17
6.1	Agreement Term	17
7.0	AGREEMENT SUM.....	17
7.4	No Payment for Services Provided Following Expiration/Termination of Agreement.....	18
7.5	Holdbacks	18
7.6	Invoices	19
7.7	County Approval of Invoices.....	20
7.8	Invoice Discrepancies	20

**REQUIRED AGREEMENT PROVISIONS
TABLE OF CONTENTS**

PARAGRAPH	TITLE	PAGE
7.9	Payment of Invoices.....	20
7.10	Preference Program Enterprises – Prompt Payment Program (if applicable).....	20
7.11	Budget Reductions	21
7.12	Record Retention and Inspection/Audit Settlement.....	21
7.13	Taxes	22
7.14	Segmentation.....	22
8.0	REPRESENTATIONS, WARRANTIES AND COVENANTS	23
8.1	Authorization Warranty	23
8.2	Performance of Services	23
8.3	Conformance to Specifications	23
8.4	Disabling Device.....	23
8.5	Open Source Software	24
8.6	Pending Litigation.....	25
8.7	Assignment of Warranties.....	25
8.8	Agreements with Employees, Independent Contractors and Subcontractors	25
8.9	Other Warranties	25
8.10	Limitation of Liability.....	25
8.11	Warranty Disclaimer	26
9.0	TERMINATION	26
9.1	Termination for Convenience	26
9.2	Termination for Default	26
9.3	Termination for Improper Consideration.....	27
9.4	Termination for Insolvency.....	28
9.5	Termination for Non-Appropriation of Funds	28
9.6	Effect of Termination.....	28
9.7	Termination Transition Services.....	29
10.0	ADMINISTRATION OF AGREEMENT - COUNTY	30
10.1	County’s Project Director	30
10.2	County’s Project Manager	30
10.3	County’s Project Monitor	30
11.0	ADMINISTRATION OF AGREEMENT - CONTRACTOR	31

**REQUIRED AGREEMENT PROVISIONS
TABLE OF CONTENTS**

PARAGRAPH	TITLE	PAGE
11.1	Contractor’s Project Director	31
11.2	Contractor’s Project Manager	31
11.3	Approval of Contractor’s Staff	31
11.4	Contractor’s Staff Identification	31
11.5	Background and Security Investigations	32
11.6	Employment Eligibility Verification	33
12.0	CONFIDENTIALITY	33
12.5	Personal Data.	35
12.6	Publicity	36
12.7	Public Records Act	36
12.8	Data Destruction	37
12.9	Data Encryption	37
12.10	Contractor Confidential Information	39
13.0	CHANGES TO AGREEMENT	39
13.1	Amendments	39
13.2	Change Notice.....	40
13.3	Change Order	40
14.0	SUBCONTRACTING.....	40
15.0	ASSIGNMENT AND DELEGATION	41
16.0	COMPLIANCE WITH APPLICABLE LAW	41
17.0	[INTENTIONALLY OMITTED].....	42
18.0	COUNTY’S QUALITY ASSURANCE PLAN.....	42
19.0	[INTENTIONALLY OMITTED].....	42
20.0	CONTRACTOR RESPONSIBILITY AND DEBARMENT	42
20.1	Responsible Contractor	42
20.2	Chapter 2.202 of the County Code	42
20.3	Non-responsible Contractor	43
20.4	Contractor Hearing Board.....	43
21.0	INDEMNIFICATION	44
21.1	General Indemnification.	44
21.2	Intellectual Property Indemnification	45

**REQUIRED AGREEMENT PROVISIONS
TABLE OF CONTENTS**

PARAGRAPH	TITLE	PAGE
22.0	GENERAL PROVISIONS FOR ALL INSURANCE COVERAGE.....	46
22.1	Evidence of Coverage and Notice to County.....	46
22.2	Additional Insured Status and Scope of Coverage	47
22.3	Cancellation of or Changes in Insurance	47
22.4	Failure to Maintain Insurance	47
22.5	Insurer Financial Ratings	47
22.6	Contractor’s Insurance Must Be Primary	47
22.7	Waivers of Subrogation	47
22.8	Sub-Contractor Insurance Coverage Requirements.....	48
22.9	Deductibles and Self-Insured Retentions (SIRs)	48
22.10	Claims Made Coverage.....	48
22.11	Application of Excess Liability Coverage	48
22.12	Separation of Insureds.....	48
22.13	County Review and Approval of Insurance Requirements.....	48
23.0	INSURANCE COVERAGE	48
23.1	Commercial General Liability	48
23.2	Automobile Liability.....	49
23.3	Workers Compensation and Employers’ Liability	49
23.4	Technology Errors and Omissions Insurance	49
23.5	Privacy and Network Security (Cyber) Liability Insurance	49
24.0	DISPUTE RESOLUTION PROCEDURE.....	50
25.0	MISCELLANEOUS.....	51
25.1	Prohibition Against Inducement or Persuasion.....	51
25.2	Conflict of Interest	51
25.3	Force Majeure	52
25.4	Notice of Delays	53
25.5	Notices	53
25.6	Governing Law, Jurisdiction, and Venue	53
25.7	Independent Contractor Status.....	53
25.8	Validity	54
25.9	Waiver.....	54

**REQUIRED AGREEMENT PROVISIONS
TABLE OF CONTENTS**

PARAGRAPH	TITLE	PAGE
25.10	Non Exclusivity	54
25.11	Counterparts and Electronic Signatures and Representations	54
25.12	Agreement Drafted by All Parties.....	55
25.13	No Third Party Beneficiaries	55
26.0	ADDITIONAL TERMS.....	55
26.1	Time Off For Voting.....	55
26.2	Recycled Bond Paper.....	55
26.3	Contractor’s Acknowledgement of County’s Commitment to the Safely Surrendered Baby Law	56
26.4	Notice to Employees Regarding the Safely Surrendered Baby Law	56
26.5	Notice to Employees Regarding the Federal Earned Income Credit	56
26.6	Fair Labor Standards.....	56
26.7	Compliance with Civil Rights Laws	56
26.8	Warranty against Contingent Fees	57
26.9	Contractor’s Warranty of Adherence to County’s Child Support Compliance Program	57
26.10	Termination for Breach Of Warranty to Maintain Compliance with County’s Child Support Compliance Program	58
26.11	Warranty of Compliance with County’s Defaulted Property Tax Reduction Program.....	58
26.12	Termination for Breach of Warranty to Maintain Compliance with County’s Defaulted Property Tax Reduction Program.....	58
26.13	Compliance with the County’s Jury Service Program.....	58
26.14	Restrictions on Lobbying.....	60
26.15	Termination for Non-Adherence of County Lobbyist Ordinance.....	60
26.16	Consideration of Hiring County Employees Targeted for Layoff or are on a County Re-Employment List	60
26.17	Consideration of Hiring GAIN/START Participants.....	60
26.18	Nondiscrimination and Affirmative Action.....	61
26.19	Federal Access To Records.....	62
26.20	Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions (2 C.F.R. Part 376) 63	

**REQUIRED AGREEMENT PROVISIONS
TABLE OF CONTENTS**

PARAGRAPH	TITLE	PAGE
26.21	Survival.....	63
27.0	UNIQUE TERMS AND CONDITIONS	64
27.1	Local Small Business Enterprise (LSBE) Preference Program	64
27.2	Compliance with County’s Zero Tolerance Policy on Human Trafficking.....	65
27.3	Social Enterprise (SE) Preference Program	65
27.4	Disabled Veteran Business Enterprise (DVBE) Preference Program.....	66
27.5	Compliance with Fair Chance Employment Hiring Practices	67
27.6	Compliance with County Policy of Equity	67
27.7	Campaign Contribution Prohibition Following Final Decision in Contract Proceeding.....	67
27.8	Compliance with County’s Women in Technology Hiring Initiative.....	68

**REQUIRED AGREEMENT PROVISIONS
TABLE OF CONTENTS**

Attachment I

STANDARD EXHIBITS

- A STATEMENT OF WORK AND ATTACHMENTS
- B INTENTIONALLY OMITTED
- C COUNTY’S ADMINISTRATION
- D CONTRACTOR’S ADMINISTRATION
- E INTENTIONALLY OMITTED
- F SAFELY SURRENDERED BABY LAW
- G INTENTIONALLY OMITTED
- H INTENTIONALLY OMITTED
- I INFORMATION SECURITY AND PRIVACY REQUIREMENTS

**AGREEMENT BETWEEN
COUNTY OF LOS ANGELES
AND
ORACLE AMERICA, INC.
FOR
ASSESSOR MODERNIZATION PROJECT (PHASE V)
DEVELOPMENT AND OPERATIONAL SUPPORT SERVICES**

This Agreement for the Assessor Modernization Project (Phase V) (“**Agreement**”) is made and entered into this ___ day of _____, 2024 by and between the County of Los Angeles (“**County**”) and Oracle America, Inc. (“**Contractor**”), a Delaware corporation, with its principal place of business at 500 Oracle Parkway, Redwood Shores, California 94065. When used herein, the term “Agreement” includes the body of this Agreement and the Statement of Work (“**Statement of Work**” or “**SOW**”) entered into by the parties hereunder and such other exhibits (“**Exhibit(s)**”), attachments (“**Attachment(s)**”), schedules (“**Schedule(s)**”) appended to this Agreement and additional documents that the parties identify and agree to incorporate herein by reference. In the event of a conflict between the body of this Agreement and any SOW, Exhibit, Attachment, Schedule, or incorporated material, such conflict or inconsistency shall be resolved by giving precedence first to the Agreement then the SOW and then to the Exhibits in the order set forth in Paragraph 1.0 below. Each of County and Contractor are also referred to as a “**Party**” and collectively, the “**Parties**”.

RECITALS

WHEREAS, on June 16, 2015, County through the Office of the Assessor (“**Office of Assessor**”) executed that certain Work Order Submission Form (“**Work Order**”) with Contractor under that certain Master Services Agreement by and between County and Contractor for Information Technology Services dated February 20, 2007, as amended from time to time including by Work Order dated June 16, 2015 (collectively, the “**MSA**”), for the development of Phase I of the Assessor Modernization Project (“**Phase I**”);

WHEREAS, Phase I, part of the Assessor Modernization Project, a five phase agile development project to replace the Office of Assessor’s currently outdated systems (“**AMP**”), established the overall enterprise architecture and plan for the entire system, including the following foundational components: the creation and population of a new assessment roll system (“**Assessment Roll**”); rewrite of the “Assessor Portal” interface for both personal computers and mobile devices; functionality to store base year value and compute trending for all properties on the Assessment Roll; and a case management pilot designed for secure taxpayer self-service access;

WHEREAS, in connection with AMP, the Office of Assessor purchased a suite of software products pursuant to that certain Software License Master Agreement by and between County and Contractor dated July 28, 2014 (Contractor reference name: US-GMA-270549), and all amendments and addenda thereto (“**SLMA**”), based on the architecture needed to fully build AMP, including database, integration, middleware, mobile, and security products;

WHEREAS, County and Contractor entered into an agreement dated November 9, 2016 for the development of the second phase of AMP (“**Phase II**”), to build on the foundations of functionality built in Phase I and provide additional functional components including: property identification, address management, and parcel change; foundational elements for master workflows and automation of the new construction process; Proposition 13 assessment processing; replacement/modernization of system interfaces with partner departments (primarily Auditor-Controller and Treasurer & Tax Collector); foundational elements for automating market approach appraisals; and functionality that supports the processing of public service inquiries and assessment exclusions (i.e. miscellaneous Propositions);

WHEREAS, County and Contractor entered into an agreement dated May 29, 2018 for the development of the third phase of AMP (“**Phase III**”), to build on the foundations of functionality built in Phases I and II and to provide additional functional components including: Global Case Management, New Construction, Property Statements, Market Approach (Computer Aided Mass Appraisal), Roll Support, System Interfaces and Environment and Technology Updates, extension of the security framework and expansion of the elements of AMP open to the public domain;

WHEREAS, County and Contractor entered into an agreement dated October 29, 2019 for the development of the fourth phase of AMP (“**Phase IV**”), to build on the foundations of functionality built in Phases I - III and provide additional functional components including: Change in Ownership, Decline in Value, Exemptions, and Assessment Appeals;

WHEREAS, the primary objective of this Agreement is to initiate the fifth and final phase of AMP (“**Phase V**”), to support the functionality built in Phases I - IV and replace the final major legacy systems including: IBM AS/400 (AS400) and Possessory Interest Database Management System (PIDBMS);

WHEREAS, County desires to engage Contractor under this Agreement to complete Phase V of AMP;

WHEREAS, County may contract with private businesses for consulting and professional services to develop an integrated property assessment replacement system and related services when certain requirements are met;

WHEREAS, Contractor is a private firm providing consultation and professional services utilizing software procured through the SLMA;

WHEREAS, Contractor agrees to furnish certain services and technical support subject to the terms of the Agreement; and

WHEREAS, County is authorized by California Government Code Section 31000 to contract for goods and services, including the services contemplated herein.

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

1.0 APPLICABLE DOCUMENTS

Exhibits A, B, C, D, E, F, G, H, and I are attached to and form a part of this Agreement.

Standard Exhibits:

- 1.1 EXHIBIT A - Statement of Work and Attachments
- 1.2 EXHIBIT B - Intentionally Omitted
- 1.3 EXHIBIT C - County’s Administration
- 1.4 EXHIBIT D - Contractor’s Administration
- 1.5 EXHIBIT E - Intentionally Omitted
- 1.6 EXHIBIT F - Safely Surrendered Baby Law
- 1.7 EXHIBIT G - Intentionally Omitted
- 1.8 EXHIBIT H - Intentionally Omitted
- 1.9 EXHIBIT I - Information Security and Privacy Requirements

This Agreement and the Exhibits hereto constitute the complete and exclusive statement of understanding between the parties, and supersedes all previous agreements, written and oral, and all communications between the parties relating to the subject matter of this Agreement. No change to this Agreement will be valid unless prepared pursuant to Paragraph 13.0 (Changes to Agreement) and signed by both parties.

2.0 DEFINITIONS

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. Terms not defined where they first appear in the Agreement shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

2.1 Acceptance

As used herein, the terms “Acceptance” and “Accepted” shall mean County’s written approval of any tasks, subtasks, Services, Deliverables and milestones (if applicable) in accordance with Paragraph 5.0 (Acceptance).

2.2 Acceptance Certificate

The acceptance certificate, substantially similar to the Acceptance Certificate provided in Exhibit A (Statement of Work and Attachments) or in a form otherwise mutually agreed by the Parties.

2.3 Agreement Term

The meaning set forth in Sub-paragraph 6.1 of this Agreement. The phrase “term of the/this Agreement” and phrases of similar import shall mean the Agreement Term.

2.4 Assessor

The Assessor, or his or her designee.

2.5 Change Order

A change order (pursuant to the Change Order process set forth in the SOW) duly authorized under the terms of this Agreement in accordance with Sub-paragraph 13.3 (Change Order).

2.6 Contractor

The sole proprietor, partnership, or corporation that has entered into a contract with County to perform or execute the work covered by the Agreement.

2.7 Contractor Works

In the performance of this Agreement: (a) Anything provided by or on behalf of Contractor from a Contractor repository (except from a repository created solely for purposes of providing Services to County pursuant to the development of Phase V of AMP); (b) any software code generated by Contractor that is not generated solely for County pursuant to the performance of the Services provided hereunder; (c) any tools, interfaces and utilities, and other related materials, developed by or on behalf of Contractor (other than prepared solely for County in connection with Phase V of AMP (e.g., as demonstration scripts)) and/or outside the scope of Services of this Agreement, and provided by or on behalf of Contractor from a repository that has not been created solely for purposes of this Agreement; and (d) any derivative works of clauses (a) through (c) above.

2.8 Contractor's Project Director

The individual designated by Contractor to administer the Agreement operations after the Agreement award.

2.9 Contractor's Project Manager

The individual designated by Contractor to administer the Agreement operations after the Agreement award.

2.10 County Data

All of County information, data, records, and information of County to which Contractor has access, or is otherwise provided to Contractor under this Agreement, during the use and/or provisioning of the Solution, including any data entered/stored/accessed during use of the Solution by users of the Solution.

2.11 County's Project Director

Person designated by County with authority for County on contractual or administrative matters relating to this Agreement that cannot be resolved by County's Project Manager.

2.12 County's Project Manager

Person designated by County's Project Director to manage the operations under this Agreement.

2.13 Day(s)

Calendar day(s) unless otherwise specified.

2.14 Defect

With respect to the Services or Deliverables, a failure of the Services or Deliverables to conform in all material respects to its Specifications.

2.15 Deliverable(s)

Whether singular or plural, shall mean software, items and/or services provided or to be provided by Contractor under this Agreement identified as a deliverable, by designation, number, or context, in the Statement of Work, Exhibit, Attachment, Schedule, or any document associated with the foregoing, including all Deliverable(s) in Exhibit A (Statement of Work and Attachments).

2.16 Documentation

All of Contractor's training course materials, system specifications and technical manuals, and all other user instructions regarding the capabilities, operation, and use of the Solution, including, but not limited to, online help screens contained in the Solution, existing as of the Effective Date and any revisions, supplements, or updates thereto.

2.17 Effective Date

The date of approval and execution of this Agreement by the Board of Supervisors.

2.18 Fees

That certain fee amount as specified in Exhibit A (Statement of Work and Attachments), which shall include any and all fees and costs to be paid by County to Contractor for all Services, including those Services described in Exhibit A (Statement of Work and Attachments).

2.19 Final Acceptance

As used herein, the term "Final Acceptance" shall mean County's written approval of the Solution in accordance with Sub-paragraph 5.5 (Final Acceptance).

2.20 Fiscal Year

The twelve (12) month period beginning July 1st and ending the following June 30th.

2.21 Interfaces

Either a computer program developed by, or licensed to, County or Contractor to (a) translate or convert data from a County or Contractor format into another format used at County as a standard format; or (b) translate or convert data in a

format used by County or a third-party to a format supported at County or vice versa.

2.22 Joint Property

Those Deliverables developed by Contractor solely for County under this Agreement (including software code generated solely for County pursuant to the performance of the Services provided hereunder) and those Deliverables developed jointly by Contractor and County under this Agreement. Joint Property does not include any Contractor Works.

2.23 Licensed Software

Individually each, and collectively all, of the computer programs provided by Contractor under the SLMA (including Third-Party Products), including as to each such program, the processes and routines used in the processing of data, the object code, Interfaces to be provided hereunder by Contractor, and revisions, and any and all programs otherwise provided by Contractor under this Agreement. All Licensed Software and the components thereof shall be release versions, and shall not be test versions (e.g., alpha or beta test version), unless otherwise agreed to in writing by County.

2.24 Optional Work

Professional Services, which may be provided by Contractor to County upon County's request and approval in accordance with Sub-paragraph 4.4 (Optional Work).

2.25 Personal Data

Any information that identifies a person, including, but not limited to, name, address, email address, passwords, account numbers, social security numbers, credit card information, personal financial information, personal preferences, demographic data, marketing data, credit data, or any other identification data.

2.26 Pool Dollars

Absent an amendment in accordance with Paragraph 13.0 (Changes to Agreement), the maximum amount allocated under this Agreement for the provision by Contractor of Optional Work, including Professional Services, approved by County in accordance with the terms of this Agreement.

2.27 Production Use

The actual use of the Solution in the production environment to (a) process actual live data in County's day-to-day operations and (b) use the Solution.

2.28 Professional Services

Services, including but not limited to, consulting services, additional training and/or customizations, which Contractor may provide upon County's request therefore in the form of Optional Work in accordance with Sub-paragraph 4.4 (Optional Work).

2.29 Services

The services rendered by Contractor, which services are described under the Statement of Work, as the same may be amended by any fully executed Change Order(s) thereto, in accordance with this Agreement. Services do not include outsourcing, hosting, disaster recovery, software maintenance or support. Such excluded services, if desired by County, may be procured under a separate agreement between the parties.

2.30 Solution

The aggregate Deliverables and Services provided and/or rendered by Contractor (as set forth in Exhibit A (Statement of Work and Attachments) of this Agreement) and as evidenced by Final Acceptance by County. To be clear, as such term is used in this Agreement, Solution is limited to Phase V of AMP.

2.31 Specifications

With respect to a Deliverable or Service, all specifications, requirements, and/or standards specified or referenced in the SOW and any attachment referenced therein or attached thereto, including the Deliverables Expectations Document to be mutually agreed upon by the Parties pursuant to the SOW.

2.32 Subcontractor

A subcontractor of Contractor at any tier.

2.33 Third Party Product

All software and content licensed, leased or otherwise obtained by Contractor from a third-party, and used with the Solution or used for the performance of the Services and which is expressly identified as Third Party Product in Exhibit A (Statement of Work and Attachments). For the avoidance of doubt, Third Party Products shall not include commercial off the shelf software (e.g., office productivity suites, browsers, etc.) typically installed on personal computers that Contractor may utilize in the performance of Services or preparation of Deliverables).

3.0 INTELLECTUAL PROPERTY.

3.1 Ownership of County Data, Contractor Works and Joint Property.

3.1.1 Ownership of County Data.

All County Data provided or made accessible by County to Contractor is and shall remain the property of County. Upon termination or expiration of the Agreement for any reason, or upon County's written request at any time, Contractor shall provide County, at no additional cost and no later than fifteen (15) calendar days after the termination, expiration or County's request, any County Data or other proprietary data in Contractor's possession or under Contractor's control belonging to County. Such data will be provided to County on an external media drive in a platform-agnostic format or in any specific format reasonably requested by County. At County's option, Contractor will destroy all originals and copies of all such data, and other related information or documents.

3.1.2 Ownership of Contractor Works & Licensed Software.

Contractor retains all right, title and interest, including all copyrights, in and to any Contractor Works and Licensed Software (including any modifications thereto made by Contractor). Upon payment of all Fees due under this Agreement, County has the non-exclusive, non-assignable, royalty free, perpetual, irrevocable, limited right to use, solely as a component of Joint Property, Contractor Works that are incorporated into Joint Property. County may allow its agents and contractors (including, without limitation, outsourcers) to use, as set forth in the preceding sentence, Contractor Works that are incorporated into Joint Property, and County is responsible for such agents' and contractors' compliance with this Agreement in such use. This Agreement does not grant, amend, or modify any license for any products or documentation owned or distributed by Contractor. Any and all Contractor Works which Contractor desires to use hereunder, and which Contractor considers to be proprietary or confidential, must be specifically identified by Contractor to County's Project Director as proprietary or confidential, and shall be plainly and prominently marked by Contractor as "PROPRIETARY" or "CONFIDENTIAL."

3.1.3 Ownership of Joint Property.

County and Contractor hereby agree that upon payment by County to Contractor of all Fees due under this Agreement, each of Contractor and County jointly own the copyright interest in Joint Property and neither County nor Contractor are required to account to the other party for use of such Joint Property.

3.2 Third Party Product; County Third Party Product.

Contractor will not use any Third Party Product in the Deliverables without the prior written approval of County to be granted or withheld in its sole discretion.

Unless otherwise set forth in the SOW, at Contractor's discretion, Contractor may assist County with County's review of products from third parties ("**County Third Party Product**") that may interact with the Deliverables or the Solution, provided, however, that County acknowledges and agrees that (i) County must acquire any appropriate license rights necessary for Contractor to provide such assistance on County's behalf, (ii) County will independently obtain and review County Third Party Product and other documentation published by the third party provider, (iii) Contractor has no specific knowledge about, expertise in, or experience with County Third Party Products and (iv) notwithstanding any statement or interpretation to the contrary, any such assistance provided by Contractor is provided without warranty of any kind.

4.0 SERVICES.

4.1 Services Generally.

Contractor will provide Services and Deliverables, including achieving Final Acceptance of the Solution, as specified in this Agreement. Contractor will provide the Services, fulfill the obligations to County, produce and deliver the Deliverables, and retain the responsibilities set forth in this Agreement, and more specifically, Exhibit A (Statement of Work and Attachments). Except as otherwise agreed or as reasonably required for its performance, Contractor shall use commercially reasonable efforts to provide the Services without causing a material disruption of County's operations. If Contractor provides any tasks, deliverables, goods, services, or other work, other than as specified in this Agreement, the same shall be deemed to be a gratuitous effort on the part of Contractor, and Contractor will have no claim whatsoever against County.

4.2 Services.

4.2.1 Contractor will provide Services as provided in this Agreement and specified in Exhibit A (Statement of Work and Attachments).

4.2.2 Contractor will provide Services in accordance with Exhibit A (Statement of Work and Attachments) and the Agreement in exchange for payment by County to Contractor of the applicable Fees.

4.2.3 Subject to the project assumptions (as specified in the SOW), including County's timely performance with respect to any obligations specified in such assumptions, and subject further to the terms of Sub-paragraph 25.3 (Force Majeure), Contractor will deliver all Deliverables by the date(s) specified in the "Project Work Plan" (as set forth in the SOW) unless extended by County in writing. Subject to the foregoing, should

Contractor anticipate that Contractor resources assigned to provide the Services are not sufficient to timely complete the Services, Contractor will supplement them with Contractor resources at no additional cost to County as needed to timely complete the Services, within the time set forth in the SOW. Contractor will be relieved of its performance obligations to the extent delayed or prevented due to a failure of project assumptions (including County's failure to perform its obligations in accordance with such assumptions) or a Force Majeure Event (as defined in Sub-paragraph 25.3 (Force Majeure)); provided, however, that Contractor shall notify County of such failure or Force Majeure Event as soon as practicable. Upon County's receipt of such notice from Contractor, the Parties will work together in good faith to address the failure or Force Majeure Event, including via Change Order, if applicable, and if they are unable to mutually agree to a resolution of such failure or Force Majeure Event, then the Parties will be subject to the Dispute Resolution Procedure (as set forth in Paragraph 24.0).

4.3 Training.

As part of the Services, Contractor will provide the training to County and its personnel set forth in Exhibit A (Statement of Work and Attachments).

4.4 Optional Work

Upon County's written request and mutual approval pursuant to the terms of this Agreement, Contractor will provide Optional Work, including Professional Services, in accordance with this Sub-paragraph 4.4 at the applicable pricing terms set forth in Exhibit A (Statement of Work and Attachments).

4.4.1 Professional Services

Contractor will provide to County Professional Services as part of Optional Work using Pool Dollars, including consulting services and/or additional training, in accordance with any applicable changes to the Agreement. Specifically, County may from time to time, during the term of this Agreement, submit to Contractor for Contractor's review written requests for Professional Services using Pool Dollars, including consulting services and/or additional training, for services not included. County may require that Professional Services be provided on a (1) fixed fee basis, (2) not to exceed basis, (3) time and materials basis, or (4) a combination of the above. In response to County's request, Contractor will submit to County for approval a proposal describing the particular Professional Services and providing a response consistent with the payment method required by County to provide such Professional Services, calculated based on the "Fixed Hourly Rate" and other pricing terms set forth in Exhibit A (Statement of Work and Attachments) and elsewhere in this Agreement (collectively, the "**Proposal**"). County and Contractor shall

agree on the changes developed using such Proposal, which shall at a minimum include the tasks and Deliverables to be performed, Acceptance Tests, as applicable, and the pricing for such Professional Services. Any Professional Services that are accepted and approved in writing by the Parties via Change Order will become a part of the Services, and will be subject to the terms and conditions of this Agreement and the Statement of Work.

4.5 Multi-Vendor Environment

4.5.1 Cross-Over Issues

Contractor acknowledges that it will be delivering the Services and/or Deliverables in a multi-vendor environment, with County and County's other service providers providing services relating to Phase V of AMP. Effective operation of such an environment requires not only the cooperation among County, all service providers, and Contractor, but also collaboration in addressing service-related issues that may cross over from one service area or provider to another and related to the Services ("**Cross-Over Issues**"). As part of the Services, Contractor will reasonably cooperate and seek to maintain a collaborative approach to Cross-Over Issues.

4.5.2 Service Interdependencies

Contractor will use commercially reasonable efforts to identify all work efforts of which Contractor has knowledge, whether performed by Contractor, Subcontractors, Contractor third party vendors, or County that may materially impact the delivery of the Services (the "**Service Interdependency**"). For each Service Interdependency, Contractor will provide expectations and specifications in reasonable detail to help facilitate the work of the party responsible for the work or deliverable. With respect to its own Services, Contractor will implement processes to insure it is receiving regular reports, from its own personnel, including Subcontractors, responsible for a Service Interdependency, with sufficient data to enable it to validate that each Service Interdependency is proceeding in accordance with the timing applicable to that Service Interdependency, and that the then current timing of delivery of the work or deliverables as to each Service Interdependency will not adversely impact Contractor's ability to deliver the Deliverables and/or Services in accordance with the Specifications. Within a reasonable period of time of knowledge of any Service Interdependency, Contractor will provide County with a written report outlining the scope and nature of such Service Interdependency and Contractor's proposed resolution to remedy such Service Interdependency.

4.6 Time Is of the Essence

Time is of the essence with regard to the performance of the Services, which for purposes of this Agreement will mean that the Parties will perform in accordance with the Deliverable schedule set forth in Project Work Plan, subject to any adjustments to such schedule as provided in this Agreement.

5.0 ACCEPTANCE

5.1 Acceptance Criteria

The Solution, Services and Deliverables, will be subject to acceptance testing by County as specified in Exhibit A (Statement of Work and Attachments), to verify that they satisfy the acceptance criteria mutually agreed to by the parties, as developed in accordance with Exhibit A (Statement of Work and Attachments) and this Paragraph 5.0 (Acceptance) (the “**Acceptance Criteria**”). Such Acceptance Criteria will be based on conformance in all material respects of the Solution, Services and Deliverables, to the Specifications.

County will be responsible for any additional review and testing of certain Deliverables in accordance with any mutually agreed test scripts as may be included in Contractor’s Project Management Plan (as defined in Exhibit A (Statement of Work and Attachments)), as the same may be amended from time to time. With respect to each Deliverable submitted by Contractor to County pursuant to the terms of this Agreement and the Statement of Work, County will have either five (5) business days if such Deliverable is on the project Critical Path (as defined in Exhibit A (Statement of Work and Attachments)) or ten (10) business days if such Deliverable is not on the project Critical Path (the “**Acceptance Period**”) to provide Contractor with written notice that County either accepts or rejects such Deliverable. The sole basis for rejection will be a failure of the Deliverable to conform to its Specifications (including its Acceptance Test scripts, if any) in all material respects. If such Deliverable is rejected, County will specify the deficiencies in reasonable detail. Contractor will use all reasonable efforts to promptly cure any such deficiencies. After completing such cure, Contractor will resubmit such Deliverable for County’s review and testing as set forth above. Upon accepting any Deliverable submitted by Contractor, County will provide Contractor with written acceptance of such Deliverable. However, if County fails to provide written notice of any deficiencies within the Acceptance Period, as provided above, such Deliverables will be deemed accepted at the end of the Acceptance Period. County’s failure to provide notice of acceptance or rejection of a Deliverable during the Acceptance Period will entitle Contractor to pursue a Change Order to account for any reasonable impact (including delays and increased costs) resulting from such failure.

5.2 Acceptance Tests

When Contractor notifies County that the Solution has been implemented as required under the Exhibit A (Statement of Work and Attachments) or that a

Service or Deliverable has been completed, County and/or Contractor will conduct all tests (hereinafter “**Acceptance Test(s)**”) specified in Exhibit A (Statement of Work and Attachments) and in accordance with Sub-paragraph 5.1 (Acceptance Criteria). Testing also may be performed at various stages of the Services as set forth in Exhibit A (Statement of Work and Attachments), or otherwise deemed appropriate and mutually agreed by the Parties. For each test, Contractor will provide County testing scenarios consistent with Contractor’s standard practices (using Contractor’s methodology as specified in the SOW) for the applicable Solution, Service and/or Deliverable; however, County is responsible for identifying all Acceptance Test cases prior to the start of the Acceptance Tests.

5.3 Production Use

The Solution will be deemed ready for Production Use when County’s Project Director, or his/her designee, approves in writing (a) Contractor’s transition of the Solution to the production environment, and (b) documented results provided by Contractor certifying successful transition of the Solution to the production environment and operation of the Solution in accordance to Exhibit A (Statement of Work and Attachments).

5.4 Solution Use

Following implementation of the Solution by Contractor and prior to Final Acceptance by County, County will have the right to use, in a Production Use mode, any completed portion of the Solution, without any additional cost to County, where County determines that it is necessary for County operations. Such Production Use will not restrict Contractor’s performance under this Agreement and will not be deemed to be an Acceptance or Final Acceptance of the Solution.

5.5 Final Acceptance

5.5.1 Conduct Performance Verification

Following transition of the Solution to Production Use, County and Contractor will monitor for Defects, and Contractor will maintain the Solution in Production Use for a period of thirty (30) consecutive days or as otherwise specified in the Statement of Work. Upon occurrence of a Defect, Contractor will provide County with a diagnosis of the Defect and proposed solution(s), and Contractor will correct such Defect by re-performance pursuant to, and subject to, the provisions of this Agreement. County and Contractor will agree upon each such proposed solutions to be used to correct a Defect(s) prior to its implementation. If the diagnosis finds the Defect not to be a Defect in a Deliverable delivered by Contractor, County will pay (from the Pool Dollars for Optional Work in accordance with Sub-paragraph 7.4) Contractor for the diagnosis and all associated corrective work on a time and materials basis at the rates specified in the SOW.

Commencing with Final Acceptance and continuing through the Warranty Period (as defined in Sub-paragraph 8.3 of this Agreement), any problems encountered by County in the use of the Solution will be subject to the applicable terms under the Agreement as more fully described in Exhibit A (Statement of Work and Attachments).

5.5.2 Performance Verification Report

Contractor will provide to County the performance verification report, including supporting Documentation that the Solution complies with the Specifications. Contractor will conduct a review with County at a meeting scheduled by County (such meeting will occur within five (5) business days of Contractor providing the performance verification report) and provide any County-requested demonstrations of the Solution including:

- (a) Summary of activities, results, and outcomes;
- (b) Summary of each Defect identified by Contractor or County. The summary will include for each Defect:
 - a. Description of each Defect and its root cause,
 - b. Business processes, Solution functions, and/or Interfaces impacted,
 - c. Description of all potential risks to the Solution and mitigation strategy for the Solution,
 - d. Corrective action plan,
 - e. Schedule for completion of each corrective action and resources required or assigned,
 - f. Status of each corrective action,
 - g. Date of completion of each correction, and
- (c) Verification of approval or acceptance of such corrections in accordance with the SOW;
- (d) Summary of lessons learned; and
- (e) Recommendations for any improvements to the Solution.

Contractor will provide the “Certification of Performance Verification”, certifying that the Solution complies with the Specifications in all material respects and documenting the review with County under this Sub-paragraph 5.5.2 (Performance Verification Report), including agenda, attendees, action items, and supporting documentation.

5.5.3 Final Acceptance

Promptly after providing County a Certification of Performance Verification for the Solution, Contractor’s Project Director also will provide County with a signed Acceptance Certificate and County’s Project Director will provide Contractor with written approval, as evidenced by

County's Project Director's countersignature on such Acceptance Certificate. Final Acceptance will occur when such Acceptance Certificate is countersigned by County's Project Director. If County fails to accept (as evidenced by County's Project Director's countersignature on such Acceptance Certificate) or reject such Acceptance Certificate within ten (10) business days after receipt, then (a) such failure will be deemed a material breach by County under this Agreement; and (b) at Contractor's request the Parties will immediately proceed with the Dispute Resolution Procedure in Paragraph 24.0.

5.6 Failed Testing

- 5.6.1 If County's Project Director makes a good faith determination during the applicable acceptance testing period that the Solution (as a whole, or any component thereof), Services and/or Deliverables has not successfully completed an Acceptance Test or has not achieved Final Acceptance (collectively referred to for purposes of this Sub-paragraph 5.6 (Failed Testing) as "**Designated Test**") in accordance with such test's requirements, County's Project Director will promptly notify Contractor in writing as set forth in Sub-Paragraph 5.1 (Acceptance Criteria).
- 5.6.2 Such procedure will continue until such time as County notifies Contractor in writing either: (i) of the successful completion of such Designated Test in accordance with such test's requirements, or (ii) that County has concluded, subject to the Dispute Resolution Procedure (as defined in Sub-paragraph 24.1 of this Agreement), that satisfactory progress toward such successful completion of such Designated Test in accordance with such test's requirements is not being made, in which latter event, the Parties will utilize the Dispute Resolution Procedure, and if the parties fail to agree upon a means of resolving the issue, then County will have the right to seek to terminate this Agreement in accordance with Sub-paragraph 9.2 (Termination for Default) on such basis.
- 5.6.3 Such a termination by County will be, subject to the Dispute Resolution Procedure; specifically: (i) a termination with respect to one or more of the components of the Solution; (ii) a termination of any part of Exhibit A (Statement of Work and Attachments) relating to the Solution, Service(s), Deliverables(s), and/or milestone(s) that is (are) not performing or conforming as required herein; or (iii) a termination of the entire Agreement if there is a failure to achieve Final Acceptance in accordance with Sub-paragraph 5.5 due to a Sev 1 or Sev 2 issue that materially affects the functionality or performance of the Solution as a whole in accordance with the Specifications and that cannot be resolved despite good faith efforts by Contractor. In the event of a termination under this Sub-paragraph 5.6 (Failed Testing), and subject to the Dispute Resolution Process set forth in Paragraph 24.0 (including final resolution of litigation, if applicable), County will have the right to receive from Contractor,

reimbursement of all payments made to Contractor by County under this Agreement for the component(s), Solution, Service(s), Deliverables(s), and/or milestone(s) as to which the termination applies, or, if the entire Agreement is terminated, all amounts paid by County to Contractor under this Agreement. The foregoing is without prejudice to any other rights that may accrue to County or Contractor under the terms of this Agreement or by law. In addition in the event of such a termination and reimbursement of payment hereunder, County must cease use of and return to Contractor all Deliverables covered by such termination, and County will not be entitled to any joint ownership or copyright interest in any Deliverable covered by such termination. Accordingly, County's joint ownership and copyright interest in any Deliverable covered by such termination will terminate effective upon the effective date of such termination.

6.0 TERM OF AGREEMENT

6.1 Agreement Term

The term of this Agreement will commence on the Effective Date and continue in full force and effect until performance by Contractor, and acceptance by County (in accordance with Paragraph 5.0 (Acceptance)), of all Services under this Agreement and the Statement of Work.

7.0 AGREEMENT SUM

7.1 Contractor will invoice County in accordance with Exhibit A (Statement of Work and Attachments) (1) for Services, based on the Deliverable amounts due, upon Contractor's completion and County's acceptance in accordance with Paragraph 5.0 (Acceptance); and (2) for all Optional Work, by payment of the fees due to Contractor for the provision of Optional Work, in each instance with respect to clause (1) and (2) above not to exceed the Maximum Agreement Sum (defined in Sub-paragraph 7.3 of this Agreement).

7.2 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.

7.3 The Maximum Agreement Sum under this Agreement will be the total monetary amount payable by County to Contractor for supplying all the tasks, subtasks, Deliverables, Services under and during the term of this Agreement (the "Maximum Agreement Sum"). Until County has Accepted the provision of Services (including by deemed Acceptance in accordance with Sub-paragraph 5.1 (Acceptance Criteria)), no payment will be due Contractor for such Services. The Maximum Agreement Sum, including all applicable taxes and Pool Dollars for Optional Work, authorized by County hereunder will not exceed Thirteen Million Two Hundred Thousand Dollars (\$13,200,000) as further detailed in Exhibit A (Statement of Work and Attachments), unless such Maximum Agreement Sum is modified pursuant to a duly approved amendment to this Agreement by County's

and Contractor's authorized representative(s) pursuant to Paragraph 13.0 (Changes to Agreement). The Maximum Agreement Sum under this Agreement will cover the authorized payments for the Services, Deliverables, and any Optional Work. Unless otherwise agreed in writing, the Maximum Agreement Sum will not be adjusted for any costs or expenses whatsoever of Contractor. Contractor will maintain a system of record keeping that will allow Contractor to determine when it has incurred seventy-five percent (75%) of the applicable Maximum Agreement Sum under this Agreement available for non-Fixed Price options described in Exhibit A (Statement of Work and Attachments). Upon occurrence of this event, Contractor will promptly send written notification to County's Project Director at the address herein provided in Exhibit C (County's Administration).

7.4 No Payment for Services Provided Following Expiration/Termination of Agreement

Except as agreed by the Parties in writing (for example, pursuant to Subparagraph 9.7.2), Contractor will have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration or other termination of this Agreement; and Contractor will have no obligation to provide any services or deliverables after the expiration or other termination of this Agreement. Should Contractor receive any such payment that is not provided for in this Agreement it must promptly notify County and repay such funds to County. Payment by County for services rendered after expiration/termination of this Agreement will not constitute a waiver of County's right to recover such payment from Contractor. This provision will survive the expiration or other termination of this Agreement.

7.5 Holdbacks

The Fees will be allocated among the Deliverables as set forth in Exhibit A (Statement of Work and Attachments). The amount allocated to each Deliverable need not be the same, provided, however, all allocated amounts must aggregate to equal the Fees. Ninety percent (90%) of each amount due and payable for each Deliverable will be made by County for the Deliverable. The remaining ten percent (10%) of the cumulative amounts invoiced ("**Holdback Amount**") will be payable upon Final Acceptance of the Solution, subject to adjustment for any amounts arising under this Agreement owed to County by Contractor. All amounts invoiced by Contractor for Services will be subject to the Holdback Amount. The Holdback Amount will be payable to Contractor based upon County's approval of the applicable Deliverable, as set forth in Exhibit A (Statement of Work and Attachments).

County will hold back ten percent (10%) of the amount of each invoice submitted by Contractor under this Agreement and approved by County pursuant to Subparagraph 7.7 (County Approval of Invoices). With respect to (i) the work completed and delivered by Contractor prior to Final Acceptance in accordance with the project plan, the cumulative amount of such holdbacks will be due and

payable to Contractor upon Final Acceptance, and (ii) the work completed and delivered by Contractor via Change Notice (as defined in Sub-paragraph 13.2 of this Agreement) or amendment following Final Acceptance, the cumulative amount of the applicable holdbacks will be due and payable to Contractor upon County's Acceptance of such work, all subject to adjustment of any amounts arising under this Agreement owed to County by Contractor, including, but not limited to, any amount arising from Sub-paragraph 7.8 (Invoice Discrepancies), and any partial termination of any task or Deliverable set forth in Exhibit A (Statement of Work and Attachments) provided herein.

Notwithstanding the foregoing in this Sub-paragraph 7.5 (Holdbacks), where the Statement of Work provides, there will be no Holdback Amounts applicable and no fees held back pending Final Acceptance.

7.6 Invoices

Contractor must invoice County only for providing the tasks, Deliverables, goods, Services, and other work specified in Exhibit A (Statement of Work and Attachments) and elsewhere hereunder. Contractor must prepare invoices, which will include the charges owed to Contractor by County under the terms of this Agreement, and must include supporting documentation (including but not limited to identification of the specific work for which payment is claimed; copies of fully executed Acceptance Certificates evidencing County's Project Director's approval of such work and the payment amount; if applicable, indication of the applicable Holdback Amount and the cumulative Holdback Amount accrued under this Agreement; indication of any credits or withholdings accrued under this agreement; and any other supporting documentation reasonably requested by County's Project Director). Contractor's payments will be as provided in Exhibit A (Statement of Work and Attachments), and Contractor will be paid only for the tasks, Deliverables, goods, Services, and other work accepted by County in accordance with this Agreement. The making of any payment or payments by County, or receipt thereof by Contractor, will in no way affect the responsibility of Contractor to furnish the Services and Deliverables in accordance with this Agreement, and will not imply Acceptance by County of such items or the waiver of any warranties or requirements of this Agreement.

Contractor's invoices must be priced in accordance with Exhibit A (Statement of Work and Attachments).

Contractor's invoices must contain the information set forth in Exhibit A (Statement of Work and Attachments) describing the tasks, deliverables, goods, services, work hours, and facility and/or other work for which payment is claimed.

If invoices are submitted monthly, Contractor must submit the invoices to County by the 15th calendar day of the month following the month of service.

All invoices under this Agreement must be submitted to County's Project Manager identified in Exhibit C (County's Administration) and the following address:

County of Los Angeles – Office of the Assessor
Attn: County's Project Manager
500 W. Temple Street, Room 295
Los Angeles, CA 90012

7.7 County Approval of Invoices

All invoices submitted by Contractor for payment must have the written approval of County's Project Manager prior to any payment thereof, and such approval shall not be unreasonably withheld or delayed. In no event will County be liable or responsible for any payment prior to such written approval. Approval for payment will not be unreasonably withheld.

7.8 Invoice Discrepancies

County's Project Director will review each invoice for any discrepancies and will, within fifteen (15) days of receipt thereof, notify Contractor in writing of any discrepancies found upon such review and submit a list of disputed charges. Contractor will review the disputed charges and send a written explanation detailing the basis for the charges within thirty (30) days of receipt of County's notice of discrepancies and disputed charges. If County's Project Director does not receive a written explanation for the charges within such thirty (30) day period, Contractor will be deemed to have waived its right to justify the original invoice amount, and County, in its sole discretion, will determine the amount due, if any, to Contractor and pay such amount in satisfaction of the disputed invoice, subject to the Dispute Resolution Procedure in Paragraph 24.0 (Dispute Resolution Procedure).

7.9 Payment of Invoices

All fees payable to Contractor are due within thirty (30) days from the invoice date; provided that to the extent there are discrepancies with any invoice pursuant to Sub-paragraph 7.9, Contractor must resubmit such invoice to County and all fees payable to Contractor with respect to such invoice are due within thirty (30) dates from such resubmitted invoice date.

7.10 Preference Program Enterprises – Prompt Payment Program (if applicable)

Certified Prompt Payment Enterprises (PPEs) will receive prompt payment for services they provide to County departments. Prompt payment is defined as fifteen (15) calendar days after receipt of an approved, undisputed invoice which has been properly matched against documents such as a receiving, shipping, or services delivered report, or any other validation of receipt document consistent

with Board Policy 3.035 (Preference Program Payment Liaison and Prompt Payment Program).

7.11 Budget Reductions

In the event that County's Board 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, County reserves the right to reduce its payment obligation under this Agreement correspondingly for that Fiscal Year and any subsequent Fiscal Year during the term of this Agreement (including any extensions), and the services to be provided by Contractor under this Agreement will also be reduced correspondingly via written and mutually agreed amendment and/or the Change Order process, as appropriate. County's notice to 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, Contractor must continue to provide all of the Services set forth in this Agreement.

7.12 Record Retention and Inspection/Audit Settlement

During the term of this Agreement and for twenty four (24) months thereafter, Contractor must maintain accurate and complete financial records of its activities and operations directly relating to its Services performed under this Agreement in accordance with generally accepted accounting principles. Contractor must also maintain accurate and complete employment and other records (excluding information contained on any individual's laptop) directly relating to its Services performed under this Agreement. Contractor agrees that County, or its authorized representatives who are bound to obligations of confidentiality, reasonably acceptable to Contractor and covering Contractor and such records and the information contained therein, upon no less than 30 days' prior written notice and no more than once per calendar year, and subject to applicable Contractor security procedures, will have access to and the right to examine, audit, excerpt, copy, or transcribe any such records. 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 Contractor and will be made available to County during the term of this Agreement and for a period of twenty four (24) months thereafter unless County's written permission is given to dispose of any such material prior to such time.

7.12.1 In the event that an audit of Contractor is conducted specifically regarding this Agreement by any Federal or State auditor, or by any auditor or accountant employed by Contractor or otherwise, then Contractor must file a copy of such audit report with County's Auditor-Controller within thirty (30) days of Contractor's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Agreement. Subject to

applicable law, County will make a reasonable effort to maintain the confidentiality of such audit report(s).

- 7.12.2 Failure on the part of Contractor to comply with any of the provisions of this subparagraph will constitute a material breach of this Agreement upon which County may terminate or suspend this Agreement.
- 7.12.3 If, at any time during the term of this Agreement or within twenty four (24) months after the expiration or termination of this Agreement, representatives of County conduct an audit of Contractor regarding the work performed under this Agreement, and if such audit finds that County's dollar liability for any such work is less than payments made by County to Contractor, then, subject to the Dispute Resolution Procedure (as set forth in Paragraph 24.0), the difference shall be either: a) repaid by Contractor to County by cash payment upon demand or b) at the sole option of County's Auditor-Controller, deducted from any amounts due to Contractor from County under this Agreement. If such audit finds that County's dollar liability for such work is more than the payments made by County to Contractor, then the difference will be paid to Contractor by County by cash payment, provided that in no event will County's maximum obligation for this Agreement exceed the funds appropriated by County for the purpose of this Agreement.

7.13 Taxes

The Maximum Agreement Sum shown in Sub-paragraph 7.3 will be deemed to include all amounts necessary for County to reimburse Contractor for all applicable California and other state and local sales/use taxes on the Services and Deliverables provided by Contractor to County pursuant to or otherwise due as a result of this Agreement, including, but not limited to, the product of Services and any Optional Work, to the extent applicable. All California sales/use taxes will be paid directly by Contractor to the State or other taxing authority. Contractor will be solely liable and responsible for, and will indemnify, defend, and hold harmless County from, any and all such California and other state and local sales/use taxes. Further, Contractor will be solely liable and responsible for, and will indemnify, defend, and hold harmless County from, all applicable California and other state and local sales/use tax on all other items provided by Contractor pursuant to this Agreement and will pay such tax directly to the State or other taxing authority. In addition, Contractor will be solely responsible for all taxes based on Contractor's income or gross revenue, or personal property taxes levied or assessed on Contractor's personal property to which County does not hold title.

7.14 Segmentation

County acknowledges that the Services and Deliverables were offered and sold/licensed by Contractor separately from any other Contractor hardware, hardware support, program licenses, and program support. County understands

that it has the right to acquire services without acquiring any Contractor hardware, hardware support, program licenses and program support, and that it has the right to acquire the Services and Deliverables separately from any Contractor hardware, hardware support, program licenses, and program support.

8.0 REPRESENTATIONS, WARRANTIES AND COVENANTS

8.1 Authorization Warranty

Each Party represents and warrants that, as of the Effective Date of this Agreement, the person executing this Agreement for such Party is an authorized representative signing on behalf of such Party (and not in his/her individual capacity) who has actual authority to bind such Party to each and every term, condition, and obligation of this Agreement and that all requirements of such Party have been fulfilled to provide such actual authority.

8.2 Performance of Services

Contractor represents and warrants that with respect to the Services performed, and Deliverables developed, by Contractor or its Subcontractors, such Services will be performed and the Deliverables developed in a professional and workmanlike manner by appropriately qualified Contractor personnel in accordance with this Agreement and consistent with Contractor's practices consistently applied and generally accepted for similar services.

8.3 Conformance to Specifications

Contractor represents and warrants that the Services provided, and the Deliverables developed, by Contractor or its Subcontractors will conform to the Specifications set forth in this Agreement without material deviations during the "Warranty Period" (as defined herein). For the purposes of this Sub-paragraph 8.3, the warranty period for any Deliverables provided, and Services performed, by Contractor pursuant to this Agreement will be one hundred eighty (180) days from the provision of such Deliverable or performance of such Service (the "**Warranty Period**"). FOR ANY BREACH OF CONTRACTOR'S WARRANTY PURSUANT TO THIS SUB-PARAGRAPH 8.3, COUNTY'S EXCLUSIVE REMEDY AND CONTRACTOR'S ENTIRE LIABILITY WILL BE THE REPERFORMANCE OF THE DEFICIENT SERVICES, OR, IF CONTRACTOR CANNOT SUBSTANTIALLY CORRECT THE DEFICIENCY IN A COMMERCIALY REASONABLE MANNER, COUNTY MAY END THE DEFICIENT SERVICES AND RECOVER THE FEES COUNTY PAID TO CONTRACTOR FOR SUCH DEFICIENT SERVICES.

8.4 Disabling Device

Contractor represents and warrants that, as of the Effective Date of this Agreement, unless otherwise disclosed to County in this Agreement, the SOW, or applicable documentation, Contractor has not designed any software licensed or

developed by Contractor under this Agreement to contain any Disabling Devices (as defined below). For purposes of this Agreement, a “**Disabling Device**” will mean software that intentionally causes any unplanned interruption of the operations of, or accessibility to, the Solution or any component through any device, method or means including, without limitation, the use of any “virus”, “lockup”, “time bomb”, “key lock”, “worm”, “back door” or “Trojan Horse” device or program, or any disabling code, which is intended to compromise the security of County Confidential Information. In addition, Contractor (a) will utilize commercially available virus scanning software to scan software Deliverables before delivery to County and (b) will not intentionally introduce a Disabling Device into the Solution or any Deliverables. County acknowledges and understands that it has its own responsibility to maintain the security of its own software, networks and systems, and that Contractor is not assuming such responsibility for County. Notwithstanding Sub-paragraph 8.10 (Limitation of Liability), no limitation of liability will apply to direct damages incurred by County as a result of a breach of this Sub-paragraph 8.4 (Disabling Device) by Contractor or any of its employees or Subcontractors. For the purpose of this Sub-paragraph 8.4, direct damages are defined to include any fine or penalty assessed against County by a governmental or regulatory authority (whether local, state or federal). In no event, will Contractor be liable for any indirect, incidental, consequential, punitive or other special damages (including lost profits, or loss of or damage to data) relating to any breach of this Sub-paragraph 8.4 by Contractor, its employees or Subcontractors even if a Party has been advised of the possibility of such damages.

8.5 Open Source Software

Except with respect to open source software provided or made available to Contractor by County (or except further to the extent Contractor was otherwise directed by County to use open source software), Contractor represents and warrants that: (a) the performance of any Services and the delivery of any Deliverables pursuant to this Agreement will not cause County to be in violation of any open source licenses or otherwise require the publication of any software pursuant to the terms of such open source licenses; and (b) provided that County uses the Deliverables in accordance with the applicable licenses and/or notices given to County by Contractor, including, without limitation, providing appropriate licenses and/or notices with any distribution of the Deliverables, in the form and to the extent such licenses and/or notices were provided by Contractor to County, County’s use of the Deliverables under this Agreement does not, or will not with the passage of time, violate any open source licenses or otherwise require the publication of any software pursuant to the terms of such open source licenses. As County’s exclusive remedy for a breach of this Sub-paragraph 8.5, Contractor will either obtain a license for County’s use (as permitted under this Agreement) of the affected open source software without publication, or provide a functionally equivalent replacement and that would not cause a breach of this Sub-paragraph 8.5 or publication of such software. For the avoidance of doubt, the immediately preceding sentence does not limit any obligations of Contractor in respect of third

party claims and losses under Sub-paragraph 21.2 (Intellectual Property Indemnification).

8.6 Pending Litigation

Contractor represents and warrants that as of the Effective Date of this Agreement there is no pending or, to Contractor's knowledge, threatened litigation that would have a material adverse impact on Contractor's performance under the Agreement.

8.7 Assignment of Warranties

To the extent permissible under the applicable third-party agreements, Contractor hereby agrees to provide to County the benefit of all representations and warranties received by Contractor from its third-party licensors and suppliers, including hardware vendors.

8.8 Agreements with Employees, Independent Contractors and Subcontractors

Contractor represents and warrants that each of its employees, independent contractors and Subcontractors providing Services have, or will have, entered into (i) confidentiality agreements with Contractor's obligations set forth in this Agreement; and (ii) agreements assigning to Contractor any rights that such employee, independent contractor or Subcontractor may have in intellectual property developed in connection with their provision of Services hereunder.

8.9 Other Warranties

During the term of this Agreement, Contractor will not subordinate this Agreement or any of its rights hereunder to any third party without the prior written consent of County, and without providing in such subordination instrument for non-disturbance of County's use of the Solution (or any part thereof) in accordance with this Agreement. Except as otherwise set forth in the SOW and not including (i) software licensed to County under separate contract(s), (ii) Contractor Works licensed to County hereunder or (iii) open source software; Contractor represents and warrants that the Deliverables and Services provided by Contractor are not subject to any license rights or other right of use access or disclosures to a third party.

8.10 Limitation of Liability

County and Contractor agree that Contractor's liability for damages (including those based on a fundamental breach, negligence, misrepresentation, or other contract or tort claim) arising out of or related to this Agreement will not exceed two times (2X) fees paid to Contractor under this Agreement. County and Contractor further agree that County's liability for damages (including those based on a fundamental breach, negligence, misrepresentation, or other contract or tort claim) arising out of or related to this Agreement will not exceed two times (2X) fees paid or owed to Contractor under this Agreement. Notwithstanding the

foregoing, the provisions of this Sub-paragraph 8.10 do not apply to any payments due and payable pursuant to a breach of, or pursuant to the indemnification obligations of (as the context may require), Sub-paragraph 7.13 (Taxes), Sub-paragraph 8.4 (Disabling Device) (but only to the extent set forth in such Sub-paragraph), Sub-paragraph 11.6.2 (Employment Eligibility Verification), Sub-paragraph 16.2 (Compliance with Applicable Law), Paragraph 21.0 (Indemnification) and Sub-paragraph 26.6 (Fair Labor Standards). In no event will either Party be liable, under any cause of action of any kind arising out of or related to this Agreement, for any indirect, incidental, consequential, punitive or other special damages (including loss of profits or loss of, or damage to, data), even if a Party has been advised of the possibility of such damages.

8.11 Warranty Disclaimer

THE WARRANTIES EXPRESSLY PROVIDED IN THIS AGREEMENT ARE THE EXCLUSIVE WARRANTIES MADE BY THE PARTIES, AND REPLACE ALL OTHER WARRANTIES OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. CONTRACTOR DOES NOT WARRANT UNINTERRUPTED OR ERROR-FREE OPERATION OF ANY DELIVERABLES OR THAT CONTRACTOR WILL CORRECT ALL DEFECTS.

9.0 TERMINATION

9.1 Termination for Convenience

This Agreement may be terminated for convenience, in whole or in part, from time to time, when such action is deemed by County, in its sole discretion, to be in its best interest. Termination of work hereunder will be effected by notice of termination to 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 thirty (30) days after the notice is sent.

9.2 Termination for Default

9.2.1 Contractor may, by written notice to County, and subject to the Dispute Resolution Procedure in Paragraph 24.0, terminate this Agreement for default if County (i) fails to pay to Contractor any undisputed amounts due pursuant to Sub-paragraph 7.10, (ii) materially breaches its obligations with respect to Contractor Confidential Information (as defined in Sub-paragraph 12.10) or (iii) breaches the license for Contractor Works. In each case, such termination will become effective if County fails to cure the default within thirty (30) days of receipt of written notice from Contractor, or within any such greater period as mutually agreed to by County and Contractor.

- 9.2.2 County may, by written notice to Contractor, and subject to the Dispute Resolution Procedure in Paragraph 24.0, terminate the whole or any part of this Agreement, if, in the good faith and reasonable judgment of County's Project Director, Contractor has materially breached this Agreement and Contractor fails to cure such breach within thirty (30) days of receipt of written notice from Contractor or within any such greater period as mutually agreed to by County and Contractor.
- 9.2.3 In the event that County terminates this Agreement in whole or in part as provided in this Sub-paragraph 9.2, County may procure, upon such terms and in such manner as County may deem appropriate, goods and services similar to those so terminated. Contractor will continue the performance of this Agreement to the extent not terminated under the provisions of this Sub-paragraph 9.2.
- 9.2.4 If, after County has given notice of termination under the provisions of this Sub-paragraph 9.2, it is determined by County that Contractor was not in default under the provisions of this Sub-paragraph 9.2, or that the default was excusable under the provisions of Sub-paragraph 9.2, the rights and obligations of the parties will be the same as if the notice of termination had been issued pursuant to Sub-paragraph 9.1 (Termination for Convenience).
- 9.2.5 The rights and remedies of the Parties provided in this Sub-paragraph 9.2 will not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

9.3 Termination for Improper Consideration

- 9.3.1 County may, by written notice to Contractor, immediately terminate the right of Contractor to proceed under this Agreement if it is found that improper consideration, in any form, was offered or given by Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment, or extension of this Agreement or the making of any determinations with respect to Contractor's performance pursuant to this Agreement. In the event of such termination, County will be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.
- 9.3.2 Contractor must immediately report any attempt by a County officer, employee, or agent 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/>.

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

9.4 Termination for Insolvency

In the event that either Party shall cease conducting business in the normal course, become insolvent, make a general assignment for the benefit of creditors, suffer or permit the appointment of a receiver for its business or assets or shall avail itself of, or become subject to, any proceeding under the Federal Bankruptcy Act or any other statute of any state to insolvency or the protection of rights or creditors, then (at the option of the other Party) this Agreement will terminate and be of no further force and effect.

9.5 Termination for Non-Appropriation of Funds

Notwithstanding any other provision of this Agreement, County will not be obligated for Contractor's performance hereunder or by any provision of this Agreement during any of County's future Fiscal Years (i.e., after the current Fiscal Year for which funds have been appropriated) unless and until County's Board appropriates funds for this Agreement in County's budget for each such future Fiscal Year. In the event that funds are not appropriated for this Agreement, then this Agreement will terminate as of June 30 of the last Fiscal Year for which funds were appropriated. County will notify Contractor in writing of any such non-allocation of funds at the earliest possible date.

9.6 Effect of Termination

9.6.1 In the event County terminates this Agreement in whole or in part as provided hereunder or upon the expiration of this Agreement, as applicable, then, unless otherwise mutually agreed in writing:

1. The Parties will continue the performance of this Agreement to the extent not terminated.
2. Contractor will cease to perform the Services being terminated on the date and to the extent specified in such notice and provide to County all completed Deliverables and Deliverables in progress, in a format reasonably requested by County, if applicable.
3. County will pay to Contractor all sums due and payable to Contractor for Services performed and for Deliverables and Deliverables in progress provided through the effective date of such expiration or termination (prorated as appropriate with respect to such Deliverables in progress).
4. Contractor will return to County all monies paid by County, yet unearned by Contractor, including any prepaid Fees, if applicable.

5. In the case of expiration or termination of this Agreement as a whole, any portion of the Statement of Work that has not been completed will be deemed terminated in accordance with this Paragraph 9.0 (Termination) as of the effective date of such termination.
 6. Contractor will, at County's election, promptly return to County (or destroy) any and all of the County Confidential Information that relates to the portion of this Agreement or Services terminated by County, in accordance with Sub-paragraph 3.1.1 (Ownership of County Data, Contractor Works and Joint Property).
- 9.6.2 Expiration or termination of this Agreement for any reason will not release either Party from any liabilities or obligations set forth in this Agreement which (i) the Parties have expressly agreed in writing will survive any such expiration or termination, or (ii) remain to be performed or by their nature would be intended to be applicable following any such expiration or termination.

9.7 Termination Transition Services

- 9.7.1 Contractor will assist County in transitioning from the Solution by providing certain transition services, as provided below.
- 9.7.2 Upon the expiration or termination of this Agreement, County may require Contractor to provide services in the form of Optional Work to assist County to transition Solution operations from Contractor to County or County's designated third party ("**Transition Services**"). Upon County's request for Transition Services, County and Contractor agree to negotiate in good faith the scope of work and the price for such Transition Services. Contractor agrees that in the event that County terminates the Agreement for breach by Contractor pursuant to Sub-paragraphs 9.2 or 27, Contractor will perform all of the Transition Services set forth in this Sub-paragraph 9.7.2 (Termination Transition Services) at no cost to County. The duty of Contractor to provide such Transition Services will be conditioned on County continuing to comply with its obligations under this Agreement, including payment of all applicable fees. Contractor will have no right to withhold or limit its performance or any of such Transition Services on the basis of any alleged breach of this Agreement by County, other than a failure by County to timely pay the amounts due and payable hereunder or a breach of the license for Contractor Works under Section 3.1.2. After the Parties have utilized the Dispute Resolution Procedure in Paragraph 24.0, County will have the right to seek specific performance of this Sub-paragraph 9.7.2 (Termination Transition Services) in any court of competent jurisdiction and Contractor. If via Dispute Resolution Process or final court decision, it is determined that Contractor was not in breach, then County will promptly pay for all Transition Services provided by

Contractor at Contractor's time and materials rates specified in the SOW. Compliance with this Sub-paragraph 9.7.2 (Termination Transition Services) by either Party will not constitute a waiver or estoppel with regard to any rights or remedies available to the parties.

10.0 ADMINISTRATION OF AGREEMENT - COUNTY

A listing of all County Administration referenced in the following Sub-paragraphs are designated in Exhibit C (County's Administration). County will notify Contractor in writing of any changes as they occur.

10.1 County's Project Director

The role of County's Project Director include:

- ensuring that the objectives of this Agreement are met; and
- providing direction to Contractor in the areas relating to County policy, information requirements, and procedural requirements.

10.2 County's Project Manager

The role of County's Project Manager include:

- meeting with Contractor's Project Manager on a regular basis;
- inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of Contractor; and
- overseeing the day-to-day administration of this Agreement.

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

10.3 County's Project Monitor

The role of County's Project Monitor is to oversee the day-to-day administration of this Agreement; however, in no event will Contractor's obligation to fully satisfy all the requirements of this Agreement be relieved, excused or limited thereby.

11.0 ADMINISTRATION OF AGREEMENT - CONTRACTOR

11.1 Contractor's Project Director

11.1.1 Contractor's Project Director is designated in Exhibit D (Contractor's Administration). Contractor must notify County in writing of any change to Exhibit D (Contractor's Administration), as changes occur.

11.1.2 Contractor's Project Director will be responsible for Contractor's activities as related to this Agreement and will coordinate with County's Project Manager on a regular basis.

11.2 Contractor's Project Manager

11.2.1 Contractor's Project Manager is designated in Exhibit D (Contractor's Administration). Contractor must notify County in writing of any change to Exhibit D (Contractor's Administration), as changes occur.

11.2.2 Contractor's Project Manager will be responsible for Contractor's day-to-day activities as related to this Agreement and will coordinate with County's Project Manager and County's Project Monitor on a regular basis.

11.2.3 Contractor's Project Manager must be solely dedicated to County during Contractor's provision of Services under this Agreement.

11.3 Approval of Contractor's Staff

County, acting in good faith and for any lawful reason, has the absolute right to require the immediate removal of any of Contractor's staff performing work hereunder. County further has the right to interview, and approve any proposed changes with respect to, Contractor's Project Manager. Contractor will use commercially reasonable efforts to keep County informed of, and to minimize disruption caused by, changes in Contractor's key staff personnel (i.e., project administration and technical leads).

11.4 Contractor's Staff Identification

All of Contractor's staff assigned to County facilities are required to have a County Identification (ID) badge, visible at all times. Contractor bears all expense of the badging.

11.4.1 Contractor is responsible to ensure that staff have obtained a County ID badge before they are assigned to work in a County facility. Contractor personnel may be asked by a County representative to leave a County facility if they do not have the proper County ID badge on their person and Contractor personnel must immediately comply with such request.

- 11.4.2 Contractor must notify County within one (1) business day when staff is terminated from working under this Agreement; provided, that if such terminated staff neither works on-site nor has access to County premises, Contractor must notify County within five (5) business days. Contractor must retrieve and return staff's County ID badge to County on the next business day after the staff has terminated employment with Contractor.
- 11.4.3 If County requests the removal of Contractor's staff, Contractor must retrieve and return staff's County ID badge to County on the next business day after the staff has been removed from working on the Agreement.

11.5 Background and Security Investigations

- 11.5.1 Subject to applicable federal, state or local laws, Contractor will not assign any staff to perform Services at County premises who has not authorized a background investigation. County agrees that its background investigations will comply with all applicable local, state, provincial and federal laws, including the Federal Fair Credit Reporting Act and any applicable state, provincial and local fair credit reporting laws.
- 11.5.2 County may request that Contractor's staff that do not pass such background investigation(s) to the reasonable satisfaction of County be immediately removed from working on this Agreement at any time during the term of this Agreement. County will not provide to Contractor nor to Contractor's staff any information obtained through County conducted background clearance. County acknowledges and agrees that any information requested from, provided by, and/or obtained about ("background check information"), a member of Contractor's staff: (1) is and shall be limited only to information that is required for the background investigation and relevant to the Services provided by the member of Contractor's staff; (2) is Contractor's confidential information; and (3) shall not be disclosed to Contractor, any third party, or staff or other individuals or entities who do not need to know the results for the purpose of determining whether, according to County's security requirements, the member of Contractor's staff will be permitted to perform Services for County under this Agreement. County further acknowledges and agrees that background investigation information obtained about a member of Contractor's staff shall be collected, handled and maintained by County in a secure manner consistent with its sensitivity and applicable data privacy and security laws.
- 11.5.3 County may immediately, at the sole discretion of County, deny or terminate facility access to Contractor's staff that do not pass such investigation(s) to the reasonable satisfaction of County whose background or conduct is incompatible with County facility access.

11.6 Employment Eligibility Verification

11.6.1 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 based in the U.S. that are performing work under this Agreement meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. Contractor must obtain, from all of its 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. Contractor must retain all such documentation for all covered employees for the period prescribed by law.

11.6.2 Contractor must indemnify, defend, and hold harmless, County, its agents, officers, and employees from and against any and all third party claims, directly resulting or arising from a breach by Contractor, its officers, employees or Subcontractors of Sub-paragraph 11.6. 1 and Contractor must pay all costs, damages, and attorneys' fees that a court finally awards or that are included in a settlement approved by Contractor, provided that County provides Contractor with prompt written notice of any such claim (but such failure to provide prompt notice will relieve Contractor from liability only to the extent materially prejudiced by such delay), Contractor has sole control over the defense of the claims, and County will provide reasonable cooperation, at Contractor's sole cost and expense, in Contractor's defense and any related settlement negotiations. Any legal defense pursuant to Contractor's indemnification obligations under this Paragraph 11.6.2 will be conducted by Contractor and performed by counsel selected by Contractor. Notwithstanding the preceding sentence, County must have the right to participate in any such defense at its sole cost and expense.

12.0 CONFIDENTIALITY

12.1 Contractor must maintain the confidentiality of all County Data (including Personal Data), received, obtained and/or produced under the provisions of this Agreement (collectively, "**County Confidential Information**") until such County Confidential Information is destroyed or returned by Contractor pursuant to Sub-paragraph 9.6.1. County agrees that it will not provide County Confidential Information to Contractor except as necessary for Contractor to perform the Services under this Agreement and County agrees to use reasonable efforts to restrict Contractor's access to such information. Notwithstanding anything to the contrary contained in this Agreement, the Parties understand and agree that County will not disclose to Contractor, or provide Contractor with access to, any

health information, “protected health information,” and/or medical information, and that such information will not be included in County Data or in Personal Data.

County Confidential Information will not include information that: a) is or becomes a part of the public domain through no act or omission of Contractor; b) was in Contractor’s lawful possession prior to the disclosure and had not been obtained by Contractor either directly or indirectly from County; c) is lawfully disclosed to Contractor by a third party without restriction on the disclosure; or d) is independently developed by Contractor.

Contractor will not in any way be liable or responsible for the disclosure of any County Confidential Information if disclosure is required by law, or by an order issued by a court of competent jurisdiction. In the event that Contractor receives a valid request to disclose County Confidential Information, Contractor will provide County with prompt notice of such request, to the extent permitted by law, and give County an opportunity to object to or limit any such disclosure.

- 12.2** Contractor must indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all third party claims directly resulting or arising from a breach by Contractor, its officers, employees or Subcontractors, of Paragraph 12.0 (Confidentiality), and Contractor will pay all costs, damages, and attorneys’ fees that a court finally awards or that are included in a settlement approved by Contractor, provided that County provides Contractor with prompt written notice of any such claim (but such failure to provide prompt notice will relieve Contractor from liability only to the extent materially prejudiced by such delay), Contractor has sole control over the defense of the claims, and County will provide reasonable cooperation, at Contractor's sole cost and expense, in Contractor's defense and any related settlement negotiations. Any legal defense pursuant to Contractor’s indemnification obligations under this Paragraph 12.0 (Confidentiality) will be conducted by Contractor and performed by counsel selected by Contractor. Notwithstanding the preceding sentence, County must have the right to participate in any such defense at its sole cost and expense.
- 12.3** Contractor must inform all of its officers, employees, agents and Subcontractors providing services hereunder of their confidentiality obligations.
- 12.4** All of the County Confidential Information, data, records, and information of County to which Contractor has access, or otherwise provided to Contractor under this Agreement, must be and remain the property of County and County will retain exclusive rights and ownership thereto. The data of County will not be used by Contractor for any purpose other than as required under this Agreement, nor will such data or any part of such data be disclosed, sold, assigned, leased, or otherwise disposed of to third parties by Contractor or commercially exploited or otherwise used by or on behalf of Contractor, its officers, directors, employees, or agents.

12.5 Personal Data.

In connection with this Agreement, provision of the Deliverables and performance of the Services, Contractor will be provided or obtain, from County or otherwise, dummy data (i.e., data that does not contain any Personal Data). To the extent that it is necessary for County to provide Personal Data to Contractor during the term of the Agreement, County will endeavor to strictly minimize the amount of such Personal Data provided to Contractor. Contractor may need to process such Personal Data and/or transfer it, all subject to the restrictions set forth in this Agreement and otherwise in compliance with all laws and regulations that by their terms are expressly applicable to Contractor in the performance of the Services for the sole purpose of providing the Deliverables and performing the Services.

Contractor agrees that Contractor will use and process Personal Data in compliance with (a) this Sub-paragraph 12.5, (b) to the extent the provisions are not otherwise addressed by a paragraph or sub-paragraph of this Agreement, the SOW or any Exhibit A through H, County's then current privacy policy (a copy of which is attached hereto as Exhibit I (Information Security and Privacy Requirements)) and (c) all applicable local, state and federal laws and regulations (including, but not limited to, current and future laws and regulations relating to spamming, privacy, confidentiality, and data security. Regarding Exhibit I (Information Security and Privacy Requirements) and any applicable local, state and federal laws and regulations, Exhibit I (Information Security and Privacy Requirements) and such laws and regulations will only apply to the extent that Exhibit I (Information Security and Privacy Requirements) and such laws and regulations by their terms impose obligations directly on Contractor's performance of the Services and Deliverables specified in the SOW.

If in the future, there are (i) any changes to County policy, any new County policy and/or any changes to or new applicable laws and regulations affecting Contractor's provision of the Services and Deliverables specified in the SOW, or (ii) a change to, or new law or regulation that results in an incremental increase in Contractor's costs associated with providing any Services or Deliverables, then, provided that such costs are directly associated with the Services or Deliverables provided to County by Contractor, such a change or new law, regulation or County policy will constitute a change to this Agreement, and Contractor will be entitled to a Change Order in accordance with Sub-paragraphs 13.1.2 and 13.3.

Contractor will not retain any Personal Data for any period longer than necessary for Contractor to fulfill its obligations under this Agreement. As soon as Contractor no longer needs to retain such Personal Data in order to perform its duties under this Agreement, Contractor will promptly return or destroy or erase all originals and copies of such Personal Data.

12.6 Publicity

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

- Contractor must develop all publicity material in a professional manner; and
- During the term of this Agreement, 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 County without the prior written consent of County's Project Director. County will not unreasonably withhold or delay written consent.

Contractor may, without the prior written consent of County, indicate in its proposals and sales materials that it has been awarded this Agreement with County, provided that the requirements of this Sub-paragraph 12.6 will apply.

12.7 Public Records Act

Any documents submitted by Contractor; all information obtained in connection with County's right to audit and inspect Contractor's documents, books, and accounting records pursuant to Sub-paragraph 7.12 (Record Retention and Inspection/Audit Settlement) of this Agreement; as well as those documents which were required to be submitted in response to the request for proposals used in the solicitation process for this Agreement, become the exclusive property of 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". 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.

In the event that County:

- receives a valid request pursuant to the Public Records Act for disclosure of the aforementioned documents, information, and/or content of a proposal marked "trade secret", "confidential" or "proprietary";
- does not disclose same pursuant to the exceptions described in the immediately preceding paragraph; and

- such non-disclosure is challenged by the person(s) or entity(ies) seeking disclosure or by a court or administrative agency handling the disclosure request;

then County, to the extent permitted by law, will provide Contractor with reasonable notice of such request and give Contractor an opportunity to object to, or limit the scope of, any disclosure. For the avoidance of doubt, County will not be required to defend an action on a Public Records Act request.

12.8 Data Destruction

Contractor(s) that have maintained, processed, or stored 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 Contractor standards which are materially consistent with the National Institute of Standards and Technology (NIST) Special Publication SP 800-88 Revision 1 titled Guidelines for Media Sanitization (“**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 County, or external to County’s boundaries. For data that has been destroyed in accordance with this Sub-paragraph 12.8, upon request, 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.

Contractor(s) 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. Contractor(s) 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 indecipherable.

12.9 Data Encryption

Contractor and Subcontractors that electronically transmit or store personal information (PI), protected health information (PHI) and/or medical information (MI) must comply with the encryption standards set forth below. PI is defined in California Civil Code Section 1798.29(g). PHI is defined in Health Insurance Portability and Accountability Act of 1996 (HIPAA), and implementing

regulations. MI is defined in California Civil Code Section 56.05(j). Notwithstanding the foregoing, County does not intend to send, and Contractor does not intend to receive, PHI or MI.

12.9.1 Stored Data

Contractor will perform Services utilizing both Contractor workstations and devices, and County-provided workstations and devices. Notwithstanding anything in this Agreement, County will have sole and exclusive responsibility for the configuration of its own systems and devices, including, but not limited to, security and encryption methods and settings.

Contractors' and Subcontractors' workstations and portable devices (e.g., mobile, wearables, tablets, thumb drives, external hard drives) require encryption (i.e. software and/or hardware) generally consistent with: (a) Federal Information Processing Standard Publication (FIPS) 140-2; (b) NIST Special Publication 800-57 Recommendation for Key Management - Part 1: General (Revision 4); (c) NIST Special Publication 800-57.

Recommendation for Key Management - Part 2: Best Practices for Key Management Organization; and (d) NIST Special Publication 800-111 Guide to Storage Encryption Technologies for End User Devices. Advanced Encryption Standard (AES) with cipher strength of 256-bit is minimally required.

12.9.2 Transmitted Data

All transmitted (e.g. network) County PI requires encryption generally consistent with: (a) NIST Special Publication 800-52 Revision 1 Guidelines for the Selection and Use of Transport Layer Security Implementations; and (b) NIST Special Publication 800-57 Revision 1 Recommendation for Key Management – Part 3: Application-Specific Key Management Guidance. Secure Sockets Layer (SSL) is minimally required with minimum cipher strength of 128-bit.

12.9.3 Certification

County must receive within ten (10) business days of its request, a certification from Contractor (for itself and any Subcontractors) that certifies and validates material consistency with the encryption standards set forth above. In addition, Contractor must maintain a copy of any validation/attestation reports that its data encryption product(s) generate and such reports will be subject to audit in accordance with the Agreement. Failure on the part of Contractor to comply with any of the provisions of this Sub-paragraph 12.9 (Data Encryption) will constitute a

material breach of this Agreement upon which County may terminate or suspend this Agreement.

12.10 Contractor Confidential Information

All information clearly identified by Contractor, in writing or orally (to the extent such oral communication is confirmed to County in writing within thirty (30) days thereafter), as confidential at the time of disclosure will be Contractor's confidential information ("**Contractor Confidential Information**"). County agrees: (a) to use the same care that it uses to protect its confidential information of a similar value and nature, but not less than a commercially reasonable standard of care; (b) that its employees and agents will be bound by nondisclosure terms substantially similar to those in this Agreement; and (c) except with respect to information required to be released by applicable law, including pursuant to a Public Records Act request pursuant to Sub-paragraph 12.7, not to remove or destroy any proprietary or confidential legends or markings placed upon Contractor Confidential Information. Contractor Works must be deemed to be included in the definition of Contractor Confidential Information.

13.0 CHANGES TO AGREEMENT

13.1 Amendments

13.1.1 No representative of either County or Contractor, including those named in this Agreement, is authorized to make any changes in any of the terms, obligations, or conditions of this Agreement, except through the procedures set forth in this Paragraph 13.0 (Changes to Agreement).

13.1.2 Except as otherwise provided in this Agreement, for any change which affects the scope of work, term, Maximum Agreement Sum, payments, or any term or condition material to Contractor's performance of the Services under this Agreement, a negotiated and mutually agreed written amendment must be prepared and executed by Contractor and by the Board or its authorized designee.

13.1.3 Subject to the limitations set forth in Sub-paragraph 13.1.2, County's Board or Chief Executive Officer or designee may require the addition and/or change of certain terms and conditions in the Agreement during the term of this Agreement. County reserves the right to add and/or change such provisions as required by County's Board or Chief Executive Officer. To implement such changes, an amendment to the Agreement must be prepared and executed by Contractor and by Contractor's authorized representative(s).

13.1.4 The Assessor, may at their sole discretion, authorize extensions of time as defined in Paragraph 6.0 (Term of Agreement). Contractor agrees that such extensions of time will not change any other term or condition of this

Agreement during the period of such extensions. To implement an extension of time, an amendment to the Agreement must be prepared and executed by Contractor and by Contractor's authorized representative(s).

13.2 Change Notice

For any change which is clerical or administrative in nature and/or does not affect any term or condition of either Party's rights, duties or obligations under this Agreement, a written change notice ("**Change Notice**") may be prepared and executed by the Assessor.

13.3 Change Order

For any change which requires Contractor to incur any additional costs or expenses using Pool Dollars, a written change order ("**Change Orders**") may be prepared and executed by the Assessor. For any Optional Work requested by County, following agreement on the Services, a Change Order will be prepared and executed by each of: (a) the Assessor and (b) Contractor's authorized representative(s). County is specifically authorized to execute Change Orders for expenditure of Pool Dollars for acquisition of Optional Work under the Agreement. Any requests for the expenditure of Pool Dollars must be approved in writing by the Assessor.

14.0 SUBCONTRACTING

14.1 The requirements of this Agreement may **not** be subcontracted by Contractor without prior written notice to County, and such subcontracting will be subject to the requirements of Sub-paragraph 11.5 (Background and Security Investigations) and County's subsequent approval. Any attempt by Contractor to subcontract obligations other than as provided in the immediately preceding sentence may be deemed a material breach of this Agreement.

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

- A description of the work to be performed by the Subcontractor;
- An outline of the proposed subcontract without pricing information; and
- Other pertinent information and/or certifications reasonably requested by County.

Any subcontract entered into with a Subcontractor hereunder will contain, at a minimum, all standard County required provisions.

- 14.3** Contractor will remain fully responsible for all performances required of it under this Agreement, including those that Contractor has determined to subcontract, notwithstanding County's approval of Contractor's proposed subcontract.
- 14.4** County's consent to subcontract will not waive County's rights under Sub-paragraph 11.3 (Approval of Contractor's Staff).
- 14.5** The Assessor is authorized to act for and on behalf of County with respect to approval of any subcontract and Subcontractor employees. After approval of the subcontract by County or the Assessor, provided County or the Assessor so request in writing, Contractor will forward a fully executed copy of the subcontract to County for their files.
- 14.6** 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 County's consent to subcontract.

15.0 ASSIGNMENT AND DELEGATION

- 15.1** Except in the event of a merger, consolidation, acquisition, internal restructuring, or sale of all or substantially all of the assets of Contractor, Contractor may not assign this Agreement without County's prior written consent.
- 15.2** Except as set forth in Sub-paragraph 15.1, any assumption, assignment, delegation, or takeover of any of Contractor's duties, responsibilities, obligations, or performance of same by any entity other than Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, will be a material breach of the Agreement which may result in the termination of this Agreement. In the event of such termination, County will be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

16.0 COMPLIANCE WITH APPLICABLE LAW

- 16.1** Contractor must comply with all laws, rules, regulations, treaties and directives to the extent that such laws, rules, regulations, treaties and directives by their terms, are applicable to Contractor's delivery of Services under this Agreement and impose obligations upon Contractor in its role as an information technology services provider and consultant with respect to the Services performed under this Agreement. County data may be maintained in one of several Contractor data centers globally and/or accessed by Contractor's global personnel as required to perform Services under this Agreement.
- 16.2** Contractor must indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all third party claims directly resulting from a breach by Contractor, its officers, employees or Subcontractors of

Sub-paragraph 16.1, and Contractor will pay all costs, damages, and attorneys' fees that a court finally awards or that are included in a settlement approved by Contractor, provided that County provides Contractor with prompt written notice of any such claim (but such failure to provide prompt notice will relieve Contractor from liability only to the extent materially prejudiced by such delay), Contractor has sole control over the defense of the claims, and County will provide reasonable cooperation, at Contractor's sole cost and expense, in Contractor's defense and any related settlement negotiations. Any legal defense pursuant to Contractor's indemnification obligations under this Sub-paragraph 16.2 will be conducted by Contractor and performed by counsel selected by Contractor. Notwithstanding the preceding sentence, County will have the right to participate in any such defense at its sole cost and expense.

17.0 [INTENTIONALLY OMITTED]

18.0 COUNTY'S QUALITY ASSURANCE PLAN

County or its agent will evaluate Contractor's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Contractor's compliance with all Agreement terms and conditions and performance standards. Contractor deficiencies which County determines are significant or continuing and that may place performance of the Agreement in jeopardy if not corrected will be reported to the Board and listed in the appropriate contractor performance database.

The report to the Board will include improvement/corrective action measures taken by County and Contractor. If improvement does not occur consistent with the corrective action measures, County may terminate this Agreement or impose other penalties as specified in this Agreement.

19.0 [INTENTIONALLY OMITTED]

20.0 CONTRACTOR RESPONSIBILITY AND DEBARMENT

20.1 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 County's policy to conduct business only with responsible Contractors.

20.2 Chapter 2.202 of the County Code

Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if County acquires information concerning the performance of Contractor on this or other contracts which indicates that Contractor is not responsible, County may, in addition to other remedies provided in the Agreement, debar 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 Contractor may have with County.

20.3 Non-responsible Contractor

County may debar a Contractor if the Board finds, in its discretion, that Contractor has done any of the following: (1) violated a term of a contract with County or a nonprofit corporation created by County, (2) committed an act or omission which negatively reflects on Contractor's quality, fitness or capacity to perform a contract with County, any other public entity, or a nonprofit corporation created by 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 County or any other public entity.

20.4 Contractor Hearing Board

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

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

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

20.4.4 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. County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that 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 County.

20.4.5 Contractor Hearing Board will consider a request for review of a debarment determination only where (1) 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, Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, 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 Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

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

20.4.7 Subcontractors of Contractor

These terms will also apply to Subcontractors of County Contractors.

21.0 INDEMNIFICATION

21.1 General Indemnification.

Contractor must indemnify, defend and hold harmless County, its Special Districts, elected and appointed officers, employees, agents and volunteers (County Indemnitees) from and against any and all third party claims for personal injury, bodily injury, and real or tangible personal property damage caused by Contractor (and including attorney and expert witness fees), arising from or connected with Contractor's acts and/or omissions arising from and/or relating to this Agreement, and pay all costs, damages, and attorneys' fees that a court finally awards or that are included in a settlement approved by Contractor, provided that County provides Contractor with prompt written notice of any such claim (but such failure to provide prompt notice will relieve Contractor from liability only to the extent materially prejudiced by such delay), Contractor has sole control over the defense of the claims, and County will provide reasonable cooperation, at Contractor's sole cost and expense, in Contractor's defense and any related settlement negotiations. Any legal defense will be conducted by Contractor and counsel of its choice. Notwithstanding the foregoing, County will have the right to participate in any such defense at County's sole cost and expense. "Tangible personal property" does not include software, data or data files.

21.2 Intellectual Property Indemnification

- 21.2.1 Contractor will defend County (at Contractor's sole expense), its officers, employees, and agents, from and against any and all claims of a third party that a Deliverable provided by Contractor (the "Indemnified Item") infringes such third party's patent or copyright, or misappropriate such third party's trade secret; and subject to paragraphs 21.2.2 and 21.2.3, will indemnify and hold County harmless from the damages, liabilities, costs, penalties, fines, interest and expenses awarded by the court to the third party claiming infringement or misappropriation, or from the settlement agreed to by Contractor.
- 21.2.2 County will (i) notify Contractor, in writing, as soon as practicable and not later than 30 days after County receives notice (or sooner if required by applicable law) of any claim or action alleging such infringement or misappropriation; (ii) give Contractor sole control of the defense and any settlement negotiations, to the extent permitted by law; and (iii) give Contractor the information, authority and assistance Contractor needs to defend against or settle the claim. If Contractor believes or it is determined that any Indemnified Item may have violated a third party's intellectual property rights, Contractor may choose to either modify the Indemnified Item to be non-infringing (while substantially preserving its utility or functionality) or obtain a license to allow for continued use, or if these alternatives are not commercially reasonable, Contractor may end the license (if applicable) and require return of the applicable Indemnified Item and refund any fees County paid to Contractor for that item.
- 21.2.3 Contractor will not indemnify County if County alters the Indemnified Item or uses it outside the scope of use identified in Contractor's user documentation or if County uses a version of Indemnified Item which has been superseded, if the infringement claim could have been avoided by using an unaltered current version of Indemnified Item which was provided to County, or if County continues to use the applicable Indemnified Item after the end of the license to use such Indemnified Item. Contractor will not indemnify County to the extent that an infringement claim is based upon any software or data not furnished by Contractor and will not indemnify County for any alleged infringement that is based on anything that County provides which is incorporated into any Deliverable or Contractor's compliance with any designs, specifications or instructions provided by County or by a third party on County's behalf. Contractor will not indemnify County for any portion of an infringement claim that is based upon the combination, operation or use of the Indemnified Item with any other product, data, apparatus or business method that Contractor did not provide, except where such combination is necessary for proper operation or use of the Indemnified Item to perform its documented purpose or functionality, or the distribution, operation or use of the

Indemnified Item for the benefit of a third party (excluding affiliates of County).

21.2.4 This section 21.2 provides County’s exclusive remedy for any third party infringement claims or damages.

22.0 GENERAL PROVISIONS FOR ALL INSURANCE COVERAGE

Without limiting Contractor’s indemnification of County, and in the performance of this Agreement and until all of its obligations pursuant to this Agreement have been met, Contractor must provide and maintain at its own expense insurance coverage satisfying the requirements specified in Paragraphs 22.0 and 23.0 of this Agreement or have the ability to pay applicable claims to cover Contractor’s performance of the Services. 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 Contractor pursuant to this Agreement. County in no way warrants that the Required Insurance is sufficient to protect Contractor for liabilities which may arise from or relate to this Agreement.

22.1 Evidence of Coverage and Notice to County

- Certificate(s) of insurance coverage (Certificate) confirming County and its Agents (defined below) has been given Additional Insured status under Contractor’s General Liability policy, must be delivered to County at the address shown below and provided prior to commencing services under this Agreement.
- Renewal Certificates must be provided to County not less than ten (10) days following County’s request for such certificates.
- Neither County’s failure to obtain, nor County’s receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by Contractor, its insurance broker(s) and/or insurer(s), will be construed as a waiver of any of the Required Insurance provisions.

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

County of Los Angeles – Office of the Assessor
Management Services Division – Contract Section
500 West Temple Street, Room 304
Los Angeles, CA 90012

Contractor also must promptly report to 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 Contractor. Contractor also must promptly notify County of any third party claim or suit filed against

Contractor or any of its Sub-Contractors which arises from or relates to this Agreement, and could result in the filing of a claim or lawsuit against Contractor and/or County.

22.2 Additional Insured Status and Scope of Coverage

County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents) must be provided additional insured status under Contractor's General Liability policy.

22.3 Cancellation of or Changes in Insurance

County must receive, written notice within thirty (30) calendar days following cancellation or any material change in Contractor's General Liability Policy.

22.4 Failure to Maintain Insurance

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

22.5 Insurer Financial Ratings

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

22.6 Contractor's Insurance Must Be Primary

Contractor's insurance policies under which County is granted additional insured status, with respect to any claims related to this Agreement, must be primary with respect to all other sources of coverage available to Contractor. Any County maintained insurance or self-insurance coverage must be in excess of and not contribute to any Contractor coverage.

22.7 Waivers of Subrogation

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

22.8 Sub-Contractor Insurance Coverage Requirements

Contractor must contractually require all Sub-Contractors to maintain insurance consistent with the insurance requirements applicable to Contractor under this Agreement.

22.9 Deductibles and Self-Insured Retentions (SIRs)

Contractor's policies will not obligate County to pay any portion of any Contractor deductible or SIR.

22.10 Claims Made Coverage

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

22.11 Application of Excess Liability Coverage

Contractors 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.

22.12 Separation of Insureds

All liability policies under which County is added as an additional insured must include a severability of interest/ cross-liability provision.

22.13 County Review and Approval of Insurance Requirements

County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures, with any change in the Required Insurance to implemented by an amendment to this Agreement prepared and executed by the parties.

Nothing in this Agreement will be deemed to preclude Contractor from selecting a new insurance carrier or carriers or obtaining new or amended policies at any time, as long as the above insurance coverage is maintained. This provision is not intended to, and does not, increase or decrease Contractor's liability under Sub-paragraph 8.10 (Limitation of Liability).

23.0 INSURANCE COVERAGE

23.1 Commercial General Liability

Commercial General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits of not less than:

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

23.2 Automobile Liability

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 Contractor's use of autos pursuant to this Contract, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

23.3 Workers Compensation and Employers' Liability

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.

23.4 Technology Errors and Omissions Insurance

Technology Errors and Omissions insurance, including coverage 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 at least \$10 million.

23.5 Privacy and Network Security (Cyber) Liability Insurance

Privacy and Network Security (Cyber) Liability insurance, which includes coverage for Contractor's liability arising from a security incident as it relates to this Agreement, with limits of not less than \$15 million aggregate for each occurrence. For the purposes of this Sub-paragraph, the term "security incident" means (1) privacy breaches, (2) system breaches, (3) denial or loss of service, (4) introduction, implantation, or spread of malicious software code, (5) unauthorized access to or use of computer systems with limits. No exclusion/restriction for unencrypted

portable devices/media may be on the policy. Contractor understands and agrees it must maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination or cancellation.

24.0 DISPUTE RESOLUTION PROCEDURE

It is the intent of the parties that all disputes arising under this Agreement be resolved expeditiously, amicably, and at the level within each party's organization that is most knowledgeable about the disputed issue, and except as otherwise expressly provided in this Agreement, pursuant to this Paragraph 24.0 (Dispute Resolution Procedure). The Parties understand and agree that the procedures outlined in this Paragraph are not intended to supplant the routine handling of inquiries and complaints through informal contact with their respective managers. Accordingly, for purposes of the procedures set forth in this paragraph, a "dispute" will mean any action, dispute, claim, or controversy of any kind, whether in contract or tort, statutory or common law, legal or equitable, now existing or hereafter arising under or in connection with, or in any way pertaining to this Agreement.

- 24.1** Contractor and County agree to act with urgency and in good faith to mutually resolve any disputes which may arise with respect to this Agreement. All such disputes will be subject to the provisions of this Paragraph 24.0 (Dispute Resolution Procedure) (such provisions must be collectively referred to as the "**Dispute Resolution Procedure**"). Time is of the essence in the resolution of disputes.
- 24.2** Contractor and County agree that, the existence and details of a dispute notwithstanding, both parties must continue without delay their performance hereunder, except for any performance (other than payment obligations), which County determines should be delayed as a result of such dispute.
- 24.3** Subject to the provisions of, and County's obligation to pay, under Sub-paragraphs 7.6 (Invoices) and 7.9 (Payment of Invoices), if Contractor fails to continue without delay its performance hereunder which County, in its reasonable discretion, determines should not be delayed as a result of such dispute, then any additional costs which may be incurred by Contractor or County as a result of Contractor's failure to continue to so perform will be borne by Contractor, and Contractor must make no claim whatsoever against County for such costs. If County fails to continue without delay to perform its responsibilities under this Agreement which County determines should not be delayed as a result of such dispute, then any additional costs incurred by Contractor or County as a result of County's failure to continue to so perform will be borne by County, and County must make no claim whatsoever against Contractor for such costs.
- 24.4** In the event of any dispute between the parties with respect to this Agreement, Contractor and County must submit the matter to their respective Project Managers for the purpose of endeavoring to resolve such dispute.

- 24.5** In the event that the Project Managers are unable to resolve the dispute within a reasonable time not to exceed ten (10) days from the date of submission of the dispute to them, then the matter will be immediately submitted to the parties' respective Project Directors for further consideration and discussion to attempt to resolve the dispute.
- 24.6** In the event that the Project Directors are unable to resolve the dispute within a reasonable time not to exceed ten (10) days from the date of submission of the dispute to them, then the matter will be immediately submitted to Contractor's vice president or equivalent and the Director. These persons will have ten (10) days to attempt to resolve the dispute.
- 24.7** In the event that at these levels, there is not a resolution of the dispute acceptable to both parties, then each party may assert its other rights and remedies provided under this Agreement and/or its rights and remedies as provided by law.
- 24.8** All disputes utilizing this dispute resolution procedure must be documented in writing by each party and must state the specifics of each alleged dispute and all actions taken. The parties will act in good faith to resolve all disputes. At all three (3) levels described in this Paragraph 24.0 (Dispute Resolution Procedure), the efforts to resolve a dispute will be undertaken by conference between the parties' respective representatives, either orally, by face to face meeting or by telephone, or in writing by exchange of correspondence.
- 24.9** Notwithstanding any other provision of this Agreement, a Party's right to terminate this Agreement or County's right to seek injunctive relief to enforce the provisions of Paragraph 12.0 (Confidentiality) or Paragraph 3.0 (Intellectual Property) must not be subject to this Dispute Resolution Procedure. The preceding sentence is intended only as a clarification of Parties' rights and will not be deemed to impair any claims that a Party may have against the other Party or a Party's right to assert such claims after any such termination or such injunctive relief has been obtained.

25.0 MISCELLANEOUS

25.1 Prohibition Against Inducement or Persuasion

Notwithstanding the above, Contractor and County agree that, during the term of this Agreement and for a period of one (1) year thereafter, neither party will in any way intentionally induce or persuade any employee of one party known to be materially involved in Phase V of AMP to become an employee or agent of the other party. Notwithstanding the foregoing, no bar exists against any hiring action initiated through a public announcement.

25.2 Conflict of Interest

25.2.1 No County employee whose position with County enables such employee to influence the award of this Agreement or any competing agreement, and

no spouse or economic dependent of such employee, will be employed in any capacity by Contractor or have any other direct or indirect financial interest in this Agreement. At Contractor's request, County will provide a list of such employees or positions reasonably identified by County to be applicable to the immediately preceding sentence. No officer or employee of Contractor who may financially benefit from the performance of work hereunder will in any way participate in County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence County's approval or ongoing evaluation of such work.

25.2.2 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 Agreement, which are applicable to it as a services provider under this Agreement. Contractor warrants that it is not now aware of any facts that create a conflict of interest. If 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 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 sub-paragraph will be a material breach of this Agreement.

25.3 Force Majeure

25.3.1 Subject to this Sub-paragraph 25.3, neither party will be liable for such party's failure or delay in its performance of its obligations under and in accordance with this Agreement, if such failure arises out of acts of God or of the public enemy, war, terrorism, an electrical, internet or telecommunications outage not caused by the obligated party, 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, unusually severe weather, or other similar events to those described above, but in every such case the failure to perform must be beyond the reasonable control and without any fault or negligence of such party ("**Force Majeure Event(s)**").

25.3.2 Notwithstanding the foregoing, a default by a Subcontractor of Contractor will not constitute a Force Majeure Event, unless such default arises out of causes beyond the control of both Contractor and such Subcontractor, and without any fault or negligence of either of them. In such case, 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 Contractor to meet the required performance schedule. As used in this Sub-paragraph, the term "subcontractor" and "subcontractors" mean subcontractors at any tier.

25.3.3 In the event Contractor's failure to perform arises out of a Force Majeure Event, Contractor agrees to use commercially reasonable 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.

25.3.4 In the event a Force Majeure Event continues for more than ninety (90) days, either Party may cancel unperformed Services under this Agreement by providing written notice to the other Party. This Sub-paragraph 25.3.4 does not excuse either Party's obligations to take reasonable steps to follow its normal disaster recovery procedures or County's obligation to pay for Services that have been accepted pursuant to the provisions of Paragraph 5.0. Notwithstanding the foregoing, a Force Majeure Event will not relieve Contractor of its obligations under Paragraph 12.0 (Confidentiality).

25.4 Notice of Delays

Except as otherwise provided under this Agreement, when either Party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that Party must use commercially reasonable efforts to promptly give notice thereof, including all known and material information with respect thereto, to the other Party.

25.5 Notices

All notices or demands required or permitted to be given or made under this Agreement 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 C (County's Administration) and D (Contractor's Administration). Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party.

25.6 Governing Law, Jurisdiction, and Venue

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

25.7 Independent Contractor Status

25.7.1 This Agreement is by and between County and 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 County and 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.

25.7.2 Contractor will be solely liable and responsible for providing to, or on behalf of, all Contractor personnel performing work pursuant to this Agreement all compensation and benefits. 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 Contractor.

25.7.3 Contractor understands and agrees that all Contractor personnel performing work pursuant to this Agreement are, for purposes of Workers' Compensation liability, solely employees of Contractor and not employees of County. Contractor will be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any Contractor personnel as a result of any injuries arising from or connected with any work performed by or on behalf of Contractor pursuant to this Agreement.

25.8 Validity

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

25.9 Waiver

No waiver by either Party of any breach of any provision of this Agreement will constitute a waiver of any other breach or of such provision. Failure of either Party to enforce at any time, or from time to time, any provision of this Agreement will not be construed as a waiver thereof. The rights and remedies set forth in this Subparagraph 25.9 will not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

25.10 Non Exclusivity

Nothing herein is intended nor will be construed as creating any exclusive arrangement between Contractor and County. This Agreement will not restrict County from acquiring similar, equal or like goods and/or services from other entities or sources, nor will it restrict Contractor from providing similar; equal or like goods and/or services to other entities or customers.

25.11 Counterparts and Electronic Signatures and Representations

This Agreement 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 Agreement. 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. This Agreement will become effective and binding upon the parties as of the Effective Date at such time as all the signatories hereto have signed a counterpart of this Agreement.

County and 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 Sub-paragraph 13.1, 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 Agreement.

25.12 Agreement Drafted by All Parties

This Agreement is the result of arm's length negotiations between the Parties. Consequently, each Party has had the opportunity to receive advice from independent counsel of its own choosing. This Agreement will be construed to have been drafted by all Parties such that any ambiguities in this Agreement will not be construed against either Party.

25.13 No Third Party Beneficiaries

Notwithstanding any other provision of this Agreement, Contractor and County do not in any way intend that any person or entity will acquire any rights as a third party beneficiary of this Agreement, except that this provision will not be construed to diminish Contractor's indemnification obligations hereunder.

26.0 ADDITIONAL TERMS

26.1 Time Off For Voting

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.

26.2 Recycled Bond Paper

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

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

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

26.4 Notice to Employees Regarding the Safely Surrendered Baby Law

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 F (Safely Surrendered Baby Law) of this Agreement. Additional information is available at <https://lacounty.gov/residents/family-services/child-safety/safe-surrender/>.

26.5 Notice to Employees Regarding the Federal Earned Income Credit

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.

26.6 Fair Labor Standards

Contractor must comply with all applicable provisions of the Federal Fair Labor Standards Act and must indemnify, defend, and hold harmless 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, attorneys' fees arising under any wage and hour laws, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by Contractor's employees for which County may be found jointly or solely liable.

26.7 Compliance with Civil Rights Laws

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 Agreement or under any project, program, or activity supported by this Agreement. Additionally, Contractor certifies to the County:

1. That Contractor has a written policy statement prohibiting discrimination in all phases of employment.
2. That Contractor periodically conducts a self-analysis or utilization analysis of its work force.
3. That Contract has a system for determining if its employment practice are discriminatory against protected groups.
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.

26.8 Warranty against Contingent Fees

26.8.1 Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement 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 Contractor for the purpose of securing business.

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

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

26.9.1 Contractor acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

26.9.2 As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Contractor's duty under this Agreement to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and will during the term of this Agreement maintain in 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).

26.10 Termination for Breach Of Warranty to Maintain Compliance with County’s Child Support Compliance Program

Failure of Contractor to maintain compliance with the requirements set forth in Sub-paragraph 26.9 (Contractor’s Warranty of Adherence to County’s Child Support Compliance Program), will constitute default under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within ninety (90) calendar days of written notice will be grounds upon which County may terminate this Agreement pursuant to Sub-paragraph 9.2 (Termination for Default) and pursue debarment of Contractor, pursuant to County Code Chapter 2.202.

26.11 Warranty of Compliance with County’s Defaulted Property Tax Reduction Program

Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from 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 County and its taxpayers.

Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this Agreement will maintain compliance, with Los Angeles County Code Chapter 2.206.

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

Failure of Contractor to maintain compliance with the requirements set forth in Sub-paragraph 26.11 (Warranty of Compliance with County’s Defaulted Property Tax Reduction Program) will constitute default under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within ten (10) days of notice will be grounds upon which County may terminate this Agreement and/or pursue debarment of Contractor, pursuant to Los Angeles County Code Chapter 2.206.

26.13 Compliance with the County’s Jury Service Program

26.13.1 Jury Service Program

This Agreement is subject to the provisions of 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](#).

26.13.2 Written Employee Jury Service Policy

Unless Contractor has demonstrated to County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program ([Section 2.203.020 of the County Code](#)) or that Contractor qualifies for an exception to the Jury Service Program ([Section 2.203.070 of the County Code](#)), Contractor must have and adhere to a written policy that provides that its Employees will receive from 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 Contractor or that Contractor deduct from the Employee's regular pay the fees received for jury service.

For purposes of this sub-paragraph, "Contractor" means a person, partnership, corporation or other entity which has a contract with 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 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 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 Contractor uses any Subcontractor to perform services for County under the Agreement, the Subcontractor will also be subject to the provisions of this sub-paragraph. The provisions of this sub-paragraph will be inserted into any such subcontract agreement and a copy of the Jury Service Program must be attached to the agreement.

26.13.3 If Contractor is not required to comply with the Jury Service Program when the Agreement commences, Contractor will have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor must immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor must immediately implement a written policy consistent with the Jury Service Program. County may also require, at any time during the Agreement and at its sole discretion, that Contractor demonstrate, to County's satisfaction that Contractor either continues to remain outside of the Jury Service

Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.

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

26.14 Restrictions on Lobbying

If any Federal funds are to be used to pay for Contractor's services under this Agreement, Contractor must fully comply with all certification and disclosure requirements prescribed by Section 319 of Public Law 101-121 (31 United States Code Section 1352) and any implementing regulations, and will ensure that each of its Subcontractors receiving funds provided under this Agreement also fully complies with all such certification and disclosure requirements.

26.15 Termination for Non-Adherence of County Lobbyist Ordinance

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

26.16 Consideration of Hiring County Employees Targeted for Layoff or are on a County Re-Employment List

Should Contractor require additional or replacement personnel after the Effective Date of this Agreement to perform the services set forth herein, 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 Agreement.

26.17 Consideration of Hiring GAIN/START Participants

26.17.1 Should Contractor require additional or replacement personnel after the Effective Date of this Agreement, Contractor will give consideration for any such employment openings to participants in 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 Contractor's minimum qualifications for the open position. For this purpose, consideration will mean that Contractor will interview qualified candidates. County will refer GAIN/START participants by job category to 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.

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

26.18 Nondiscrimination and Affirmative Action

26.18.1 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.

26.18.2 Contractor certifies to the County each of the following:

1. That Contractor has a written policy statement prohibiting discrimination in all phases of employment.
2. That Contractor periodically conducts a self-analysis or utilization analysis of its work force.
3. That Contractor has a system for determining if its employment practices are discriminatory against protected groups.
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.

26.18.3 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.

26.18.4 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.

26.18.5 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 Agreement or under any project, program, or activity supported by this Agreement.

26.18.6 Contractor will allow County representatives access to Contractor's employment records during regular business hours to verify compliance with the provisions of this Sub-paragraph 26.18 when so requested by County.

26.18.7 If County finds that any provisions of this Sub-paragraph 26.18 have been violated, such violation will constitute a material breach of this Agreement upon which County may terminate or suspend this Agreement. While County reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the California Fair Employment and Housing Commission or the Federal Equal Employment Opportunity Commission that Contractor has violated Federal or State anti-discrimination laws or regulations will constitute a finding by County that Contractor has violated the anti-discrimination provisions of this Agreement.

26.18.8 The parties agree that in the event Contractor violates any of the anti-discrimination provisions of this Agreement, 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 Agreement.

26.19 Federal Access To Records

If, and to the extent that, Section 1861(v)(I)(i) of the Social Security Act (42 U.S.C. Section 1395x(v)(1)(i) is applicable, Contractor agrees that for a period of four (4) years following the furnishing of services under this Agreement, Contractor will maintain and make available, upon written request, to the Secretary of the United States Department of Health and Human Services or the Controller General of the United States, or to any of their authorized representatives, the Agreements, books, documents and records of Contractor which are necessary to verify the nature and extent of the costs of services provided hereunder. Furthermore, if Contractor carries out any of the services provided hereunder through any subcontract with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period with a related organization (as that term is defined under Federal law), Contractor agrees that each such subcontract will provide for such access to the subcontract, books, documents and records of the Subcontractor.

26.20 Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions (2 C.F.R. Part 376)

Contractor hereby acknowledges that County is prohibited from contracting with and making sub-awards to parties that are suspended, debarred, ineligible, or excluded or whose principals are suspended, debarred, ineligible, or excluded from securing federally funded contracts. By executing this Agreement, Contractor certifies that as of the Effective Date of the Agreement, neither it nor any of its owners, officers, partners, directors, other principals, employees, or independent contractors is currently suspended, debarred, ineligible, or excluded from securing federally funded contracts. Further, by executing this Agreement, Contractor certifies that, to its knowledge as of the Effective Date of the Agreement, none of its Subcontractors, at any tier, or any owners, officers, partners, directors, other principals, employees, or independent contractors of any Subcontractor is currently suspended, debarred, ineligible, or excluded from securing federally funded contracts. Contractor will immediately notify County in writing, during the term of this Agreement, should it or any of the aforementioned parties either be suspended, debarred, ineligible, or excluded from securing federally funded contracts. Failure of Contractor to comply with this provision will constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Agreement.

26.21 Survival

In addition to any provisions of this Agreement which specifically state that they will survive the termination or expiration of this Agreement and any rights and obligations under this Agreement which by their nature should survive, the following Paragraphs and Sub-paragraphs will survive any termination or expiration of this Agreement:

Paragraph 3.0 (Intellectual Property)

Sub-paragraph 7.4 (No Payment for Services Provided Following Expiration/Termination of Agreement)

Sub-paragraph 7.12 (Record Retention and Inspection/Audit Settlement)

Sub-paragraph 7.13 (Taxes)

Sub-paragraph 8.10 (Limitation of Liability)

Sub-paragraph 8.11 (Warranty Disclaimer)

Sub-paragraph 9.6 (Effect of Termination)

Sub-paragraph 9.7 (Termination Transition Services)

Sub-paragraph 11.6.2 (provided that the survival of such sub-paragraph shall continue through the applicable statute of limitations respecting any third party claims resulting or arising from Contractor's breach of Subparagraph 11.6 (Employment Eligibility Verification) during the Agreement Term)

Paragraph 12.0 (Confidentiality)

Paragraph 16.2 (provided that the survival of such sub-paragraph shall continue through the applicable statute of limitations respecting any third

party claims resulting or arising from Contractor's breach of Paragraph 16.0 (Compliance with Applicable Law) during the Agreement Term)
Paragraph 21.0 (Indemnification)
Paragraph 22.0 (General Provisions for All Insurance Coverage)
Paragraph 23.0 (Insurance Coverage)
Paragraph 24.0 (Dispute Resolution Procedure)
Sub-paragraph 25.5 (Notices)
Sub-paragraph 25.6 (Governing Law, Jurisdiction, and Venue)
Sub-paragraph 25.133 (No Third Party Beneficiaries)
Sub-paragraph 26.6 (Fair Labor Standards) (provided that the survival of such sub-paragraph shall continue through the applicable statute of limitations respecting any third party claims resulting or arising from Contractor's breach of Sub-paragraph 26.6 (Fair Labor Standards) during the Agreement Term)
Sub-paragraph 26.211 (Survival)

27.0 UNIQUE TERMS AND CONDITIONS

27.1 Local Small Business Enterprise (LSBE) Preference Program

- 27.1.1 This Agreement is subject to the provisions of County's ordinance entitled LSBE Preference Program, as codified in Chapter 2.204 of the Los Angeles County Code.
- 27.1.2 Contractor will not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a LSBE.
- 27.1.3 Contractor will not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a LSBE.
- 27.1.4 If Contractor has obtained certification as a LSBE by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, will:
1. Pay to County any difference between the contract amount and what County's costs would have been if the contract had been properly awarded;

2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than ten (10) percent of the amount of the contract; and
3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties will also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the State and Department of Consumer and Business Affairs of this information prior to responding to a solicitation or accepting a contract award.

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

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

If a Contractor or member of Contractor's staff is convicted of a human trafficking offense, County will require that Contractor or member of Contractor's staff be removed immediately from performing services under the Agreement. 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 Contractor's staff pursuant to this paragraph will not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Agreement.

27.3 Social Enterprise (SE) Preference Program

27.3.1 This Agreement is subject to the provisions of County's ordinance entitles SE Preference Program, as codified in Chapter 2.205 of the Los Angeles County Code.

27.3.2 Contractor must not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a SE.

27.3.3 Contractor must not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a SE.

27.3.4 If Contractor has obtained County certification as a SE by reason of having furnished incorrect supporting information or by reason of having

withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this Agreement to which it would not otherwise have been entitled, will:

1. Pay to County any difference between the contract amount and what County's costs would have been if the contract had been properly awarded;
2. In addition to the amount described in subdivision (1) above, Contractor will be assessed a penalty in an amount of not more than ten percent (10%) of the amount of the contract; and
3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties will also apply to any entity that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the Department of Consumer and Business Affairs of this information prior to responding to a solicitation or accepting a contract award.

27.4 Disabled Veteran Business Enterprise (DVBE) Preference Program

- 27.4.1 This Agreement is subject to the provisions of County's ordinance entitled DVBE Preference Program, as codified in Chapter 2.211 of the Los Angeles County Code.
- 27.4.2 Contractor must not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a DVBE.
- 27.4.3 Contractor must not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a DVBE.
- 27.4.4 If Contractor has obtained certification as a DVBE by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this Agreement to which it would not otherwise have been entitled, Contractor will:

1. Pay to County any difference between the contract amount and what County's costs would have been if the contract had been properly awarded;
2. In addition to the amount described in subdivision (1) above, Contractor will be assessed a penalty in an amount of not more than ten percent (10 %) of the amount of the contract; and
3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

Notwithstanding any other remedies in this Agreement, the above penalties will also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the State and the Department of Consumer and Business Affairs of this information prior to responding to a solicitation or accepting a contract award.

27.5 Compliance with Fair Chance Employment Hiring Practices

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

27.6 Compliance with County Policy of Equity

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/>). 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. Contractor, its employees and subcontractors acknowledges and certifies receipt of the CPOE. Failure of 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 Contractor to termination of contractual agreements as well as civil liability.

27.7 Campaign Contribution Prohibition Following Final Decision in Contract Proceeding

Pursuant to Government Code Section 84308, Contractor and its Subcontractors, are prohibited from making a contribution of more than \$250 to a County officer for twelve (12) months after the date of the final decision in the proceeding

involving this Agreement. Failure to comply with the provisions of Government Code Section 84308 and of this Sub-paragraph, may be a material breach of this Agreement as determined in the sole discretion of County.

27.8 Compliance with County’s Women in Technology Hiring Initiative

At the direction of the Board, County has established a “Women in Technology” (WIT) Hiring Initiative focused on recruiting, training, mentoring and preparing all genders, including women, at-risk youth, and underrepresented populations (program participants) for County Information Technology (IT) careers. In support of the subject initiative, IT contractors currently offering certification, training, and/or mentoring programs must make such program(s) available to WIT program participants, if feasible. Contractors must report such programs available to: WITProgram@isd.lacounty.gov.

DRAFT

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Agreement to be executed by the County's Assessor and Contractor has caused this Agreement to be executed on its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Jeffrey Prang
Assessor

CONTRACTOR
ORACLE AMERICA, Inc.

By _____
Signature

Printed Name

Title

APPROVED AS TO FORM:
DAWYN R. HARRISON
County Counsel

By _____
Michael D. Owens
Senior Deputy County Counsel



Oracle America, Inc.

STATEMENT OF WORK
Assessor Modernization Project (AMP)
Phase V

Draft - Needs Approval from Oracle Legal

Table of Contents

I. STATEMENT OF WORK (SOW) - MANAGEMENT SUMMARY AND BUSINESS OBJECTIVE	4
II. Definitions.....	5
A. Definitions	5
III. AMP Phase V Fixed Price Overview.....	5
A. Phase V High Level Overview	6
B. Program Organization	6
C. Phase V Program Approach.....	7
IV. AMP Phase V Activities	9
A. Execute Program Activities for Phase V	10
B. Execute Phase V Development Activities Support.....	11
C. Conduct Knowledge Transfer Activities	18
V. Your Responsibilities	19
A. County of Los Angeles Office of the Assessor Responsibilities	19
VI. Phase V Assumptions, Change Order Process and statement of Work acceptance	
Procedure	26
A. Assumptions.....	27
B. Change Order Process.....	40
C. Statement of Work Acceptance Procedure.....	41
VII. Fees, Expenses, and Taxes	42
A. Fees and Expenses for Fixed Price Agreement.....	42

Table of Tables

Table 1: AMP Phase V Release Overview	6
Table 2: AMP Phase V Development Stages.....	7
Table 3: AMP Phase V Environments per Release, Patch Set or Hot Fix	9
Table 4: Design and Architecture Meetings.....	10
Table 5: Deliverables for AMP Phase V for Program Activities.....	11
Table 6: Sprint Story Points for AMP Stabilization by Month	13
Table 7: AMP Roll Stabilization Deliverable	14
Table 8: Security Extensions Deliverables.....	16
Table 9: OPA Replacement Approach Deliverables	18
Table 10: Knowledge Transfer Deliverables.....	18
Table 11: Table of Functional Environments	22
Table 12: Required Access	22
Table 13: Testing Types and Activities	24
Table 14: Oracle Request Type Response Times.....	24
Table 15: Complexity Level / Story Point Mapping.....	28
Table 16: Story Point Complexity Description	28
Table 17: Defects Definitions	37
Table 18: Fixed Price Agreement Deliverables and Fees	42

Table of Figures

Figure 1: High Level Release Schedule.....	6
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Figure 2: AMP Program Organization 7

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EXHIBIT A

STATEMENT OF WORK

Agreement: This Statement of Work ("**Statement of Work**" or "**SOW**") incorporates by reference the terms of the Agreement (as has been or may be further amended from time to time, the "**Agreement**") between Oracle America, Inc. and the County of Los Angeles ("**LAC**", "**LA County**", "**You**", or "**Your**") dated **XX-XX-2024**. All reference to "**Oracle**" in the Agreement and this Statement of Work shall mean Oracle America, Inc.

Department: Los Angeles County Office of the Assessor ("**LAC Assessor**", "**Assessor**" or "**LACA**")

Department Project Manager: Kevin Lechner

Date: **XX-XX-2024**

✓ **Assessor Modernization Project Phase V**

I. STATEMENT OF WORK (SOW) - MANAGEMENT SUMMARY AND BUSINESS OBJECTIVE

The primary objective of this Statement of Work is to define the activities that Oracle will execute in support of the LA County Assessor (LACA) Assessor Modernization Project (AMP) **Phase V** Agreement.

The overall LACA business objective for this Phase is to use AMP to close the 2025 Roll and to prepare the 2026 Roll.

The supporting Oracle business objectives of the Phase are:

- Support LACA in addressing issues that would prevent LACA from closing the 2025 Roll using AMP as the application of record.
- Support LACA in the development of new functionality of AMP.

Exhibit A includes the following sections:

- Definitions;
- AMP **Phase V** Fixed Price Overview;
- AMP **Phase V** Activities;
- Your Responsibilities;

- **Phase V** Assumptions, Change Order Process and Acceptance Criteria; and
- Fees, Expenses, and Taxes.

The duration of the Agreement will be November 19, 2024 to November 18, 2025.

II. DEFINITIONS

A. Definitions

Within this **Exhibit A**, the following definitions shall apply:

1. "Activity" is broader component of work in a project and is comprised of tasks.
2. "AMP application" means the software components and associated infrastructure developed as part of AMP.
3. "Enhancement" means modification to the existing AMP application functionality to improve its execution.
4. "Hotfix" means a single or combination of critical Defect remediations, Issues resolution or Enhancements to the existing AMP application and functionality to be released and promoted together to Production.
5. "Issue" means a failure of the AMP application, documented in Jira or OATS, to operate according to the defined requirements and specifications placed for remediation during the **Phase V** SOW.
6. "Patch" means a single or combination of Issues to address the existing AMP application functionality of missed requirements and/or Defects and/or Enhancements and/or Issues to be released and promoted together to Production.
7. "Release" means a single or combination of new functionality User Stories requirements and or Hotfixes and or Patches to be released and promoted together to Production.
8. "Roll Stabilization" consists of Activities carried out by Oracle and LACA against the AMP application for remediation and Enhancement.
9. "Sprint" is a short, time-boxed period when a scrum team works to complete a set amount of work.
10. "Story Point" is a metric used in agile project management and development to determine (or estimate) the difficulty of implementing any given story. In this context, a story is a particular business need assigned to the software development team.
11. "Task" is a basic unit of work in a project.

III. AMP PHASE V FIXED PRICE OVERVIEW

This section describes the fixed price services to be provided by Oracle in support of AMP **Phase V**. The services performed by Oracle under this **Exhibit A** will be for the purpose of providing the Deliverables listed in this **Exhibit A**. Services will be provided, in each case as further described in **Section III**, in the following categories:

- AMP project management
- AMP architecture and design support
- AMP stabilization and development support

- AMP security implementation services
- OPA replacement services

A. Phase V High Level Overview

The overall engagement will be managed by a Program Management Organization (“PMO”) (see Figure 2).

The functional Release structure for AMP **Phase V** is outlined in the following table.

Table 1: AMP **Phase V** Release Overview

Release	Release Contents	Estimated Production go live Year/Month
Hot Fixes	As mutually agreed to address critical issues	Nov 2024 – Nov 2025 (as mutually agreed)
Patch Sets	Monthly, as needed, to promote available User Stories, Enhancements, Defects and Issues	Dec 2024 – Oct 2025 (as mutually agreed)
Releases	Monthly, as needed, on basis to promote production-ready User Stories, Enhancements, Defects and Issues	Jan 2025 – Oct 2025 (as mutually agreed)

The anticipated high-level timeline for **Phase V** is shown in the following graphic.

Figure 1: High Level Release Schedule



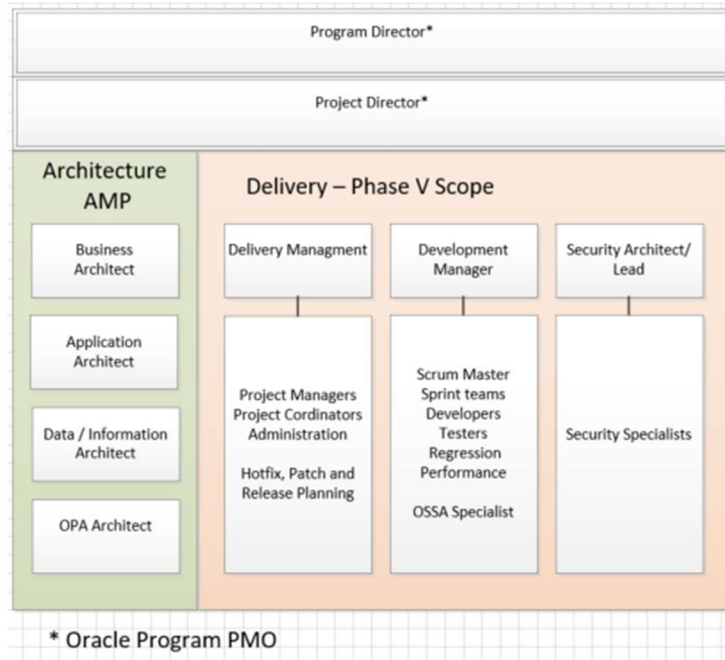
B. Program Organization

This section contains a high-level description of the program structure for executing AMP **Phase V**.

1. Phase V Program Organization

The overall Oracle program organization is depicted in the figure below.

Figure 2: AMP Program Organization



The Architecture team supports the Delivery team in fulfilling the **Phase V** objectives.

C. Phase V Program Approach

The following items will be followed by Oracle in providing support to LACA for **Phase V**

1. Assignment of Resources

The Oracle Project Director will assign personnel sufficient in number, experience, and expertise to meet the requirements of this section. All assignments will be at the discretion of the Oracle Project Director.

2. Test Driven Development (“TDD”) Execution

Test driven development methodology will be used by Oracle. Oracle will only start developing user stories that are confirmed in Jira at Elaboration Gate 4 status and are designated for Oracle.

Prior to any further progression of a user story through the TDD process, Oracle will confirm compliance with **Table 2**. User stories that do not meet the compliance requirements will not be progressed until compliant.

The following table defines each of the Software Delivery Life Cycle (SDLC) stages, outputs, how they are bound and the participants.

Table 2: AMP Phase V Development Stages

Stage	Definition	Outcome	Bound by	Recommended Participants
Elaboration Stage	Elaboration stage will groom user stories identified for a particular-Release	Documentation will be created for all user stories, acceptance criteria and test cases, along with an estimate	# of Story Points available as defined in the SOW, along with	LACA Business and Product owners and SMEs;

Stage	Definition	Outcome	Bound by	Recommended Participants
	and detail out user stories and acceptance criteria, and test cases for elaboration.	of user Story Points. This documentation in Jira will include relevant: business processes, business rules, screen design, test cases, test data and Identified LACA lead assigned to each User Story. These User Stories will then be groomed for prioritization, business value and core solution stories identified.	cutoff points agreed in the Phase V PWP.	Oracle Architecture and Delivery team as required.
Test Driven Development (TDD) Stage (Gate 5+)	TDD Stage will perform system design to identify required Story Points ¹ and sprint planning to determine the user stories for each Release and Sprints. Build unit test cases and then build code to satisfy the test cases	<p>Output of each sprint will be test cases, test results, design document, definition of done (DoD); documented in Jira; and code promoted to the integration environment.</p> <p>The TDD Phase will end with:</p> <ol style="list-style-type: none"> 1. A Sprint demo to the identified LACA lead along with LACA Business Leads and Product Owners (PO), if available. Objective being to present user Story and, gain feedback. Changes to requirements or acceptance criteria may trigger new User Stories. 2. Conducting, if required, a Sprint technical walk through to the LACA technical leads. 3. Recording the outcome and actual Story Points consumed. 	# of Story Points delivered across one or more Sprints, along with cutoff points agreed for Phase V .	LACA Business and Product owners and SMEs. Oracle: Architecture and Delivery team as required.
System Integration and Acceptance Stage	<p>Following the TDD Stage and for each Release, user stories, Enhancements and Issues will be promoted to the integration environment to integrate and test prior to moving to the User Acceptance environment where:</p> <p>User Acceptance Test (UAT), and regression testing will be performed.</p>	Hotfix, Patch and Release prepared and accepted ready for promotion to Production	# of Story Points delivered, along with cutoff points agreed for Phase V	LACA: Business and Product owners and SMEs. Oracle: Architecture and Delivery team as required.

Stage	Definition	Outcome	Bound by	Recommended Participants
	The Release will then be promoted to the Staging environment for performance testing, as mutually agreed.			

SDLC environments will be required to be assigned for Oracle use, and a dedicated path to Production identified and maintained by LACA for each Release, Patch Set or Hot Fix. Dependent on the schedule of work and releases, this could result in multiple instances of each type of environment.

Table 3: AMP Phase V Environments per Release, Patch Set or Hot Fix

Environment Use	Description	Location
DEV	A Dev Environment to be used for developing one or more of the Phase V Releases	Oracle Cloud ²
Integration	A Test Environment to be used for development integration testing and demonstration for Issues, Enhancements and User Stories	Oracle Cloud
User Acceptance	A Test Environment to be used for user acceptance and regression testing for each of the one or more of the Phase V Releases	Oracle Cloud
Staging	A Staging Environment sized similar to Production for Performance Testing and promotion rehearsal for Hotfixes, Patches and Release prior to Production promotion of the Release	Oracle Cloud
Production	A Production Environment to host AMP	Oracle Cloud

IV. AMP PHASE V ACTIVITIES

This section sets out **Phase V** activities, and the supporting tasks that will be executed by Oracle.

This section expands upon the high-level overview provided in **Section II**. The objective of this section is to describe the tasks that will be executed to support **Phase V**.

² Oracle Cloud refers to Oracle Cloud Infrastructure (OCI).

A. Execute Program Activities for Phase V

Program activities consist of the activities required to manage Oracle Deliverables during **Phase V**, as described below.

1. Execute Project Management

The supporting tasks related to the management of AMP **Phase V** are provided below:

- Initiate Project
 - Update the project governance structure (e.g., project management team, executive steering committee, and advisory committee)
 - Plan and conduct project presentations for executive steering committee as well as for PMO, project team and stakeholders
 - Provide **Phase V** Project Kickoff Presentation
- Create a Project Management Plan (“PMP”) - The PMP will be used by Oracle and Assessor to manage, track, and evaluate project performance. The PMP will be a living document, with changes to be mutually agreed upon between Assessor and Oracle.
- Create and maintain a “Project Organization Chart” with inputs from You, to capture the roles for both Oracle and Your team resources.
- Create a Project Work Plan (“PWP”) – Oracle will provide a **Phase V** PWP to include:
 - Project deliverables (as set out herein in **Section III**)
 - Tasks and Subtasks
 - Associated dependencies
 - Resource loaded for the Oracle team
 - Key milestones
- Co-Chair a weekly Joint Project Management Working Group (JPMWG) with Your Project Manager to report on status of Oracle and LACA activities.

2. Provide Architecture and Design Support

The joint architecture and design support structure is outlined in Table 4:

Table 4: Design and Architecture Meetings

Meeting name	Purpose	Frequency	Output	Required attendees
Architecture Working Group (AWG)/ Architecture Review Board (ARB)	<ul style="list-style-type: none"> • Communicate impacts and revisions to the AMP architecture e.g., UI/UX standards • Review architecture issues in AMP (application and infrastructure) AWG and make recommendation for adoption 	Maximum weekly	<ul style="list-style-type: none"> • Document decision to proceed based upon impact analysis (including creating stories in Jira) • Make recommendations for changes to the AMP architecture • Recommendation should include Level of Effort (“LoE”) for implementation. • Coordinate with PMO to create an execution plan for approved changes 	<ul style="list-style-type: none"> • LACA and Oracle Program Architecture team • LACA and Oracle Delivery Design teams based on agenda items • LACA and Oracle PMO members

Meeting name	Purpose	Frequency	Output	Required attendees
Delivery Design Working Group (JDWG) ³	<ul style="list-style-type: none"> Formulate and review proposed solution designs to determine compliance with AMP architecture and design standards 	Maximum weekly	<ul style="list-style-type: none"> Approved user stories and component approach or Disapproved designs 	<ul style="list-style-type: none"> LACA and Oracle Program Architecture team LACA and Oracle Delivery Design teams based on agenda items
Pre-CAB Reviewer Group	<ul style="list-style-type: none"> Review and decide upon applicable modifications to the Production system and code deployments 	As required	<ul style="list-style-type: none"> Documented outcome of review 	<ul style="list-style-type: none"> LACA and Oracle Program Architecture team LACA and Oracle Delivery Design teams based on agenda items

- Manage a repository in Jira where requested feature changes can be jointly maintained. The Jira repository will:
 - Document the features and requirements requested by business users to be included in AMP deployments.
 - Contain any acceptance criteria and test cases.
 - Allow business users to add future requests.
 - Contain a description of the requested feature.
 - Document the date the Issue was reviewed by the ARB.
 - Document the decision made by the ARB and PMO.

Deliverables

Program Activities services under this **Section IV.A** shall be for the purpose of providing the following deliverables:

Table 5: Deliverables for AMP Phase V for Program Activities

Deliverable#	Deliverable Name	Deliverable Description	Estimated Month
1	Phase V Project Inception	A document which defines the tasks to establish the project including a project kickoff presentation	Month 1 - November 2024
2	Initial PWP and PMP	A document which contains the Initial Project Work Plan and Project Management Plan for Phase V	Month 1 - November 2024

B. Execute Phase V Development Activities Support

This section describes the development activities that will be executed in support of AMP **Phase V**. The areas of support will include:

³ Participation by LACA staff in the JDWG will be based upon mutual agreement between the LACA and Oracle PM

- AMP stabilization support
- AMP development support
- AMP security and identity management implementation support
- OPA replacement support

1. Provide AMP Stabilization Support

AMP Stabilization activities are limited to those tasks which support production and roll closure activities with hotfixes, Patch sets and releases for Roll Closure for 2025 and the Roll Being Prepared for 2026 as mutually agreed.

The following activities will be executed, subject to availability of allocated development effort (Story Points):

- Providing Issues triage activities as follows:
 - Reviewing and prioritizing issues or function gaps submitted by LACA.
 - Reviewing of severity assignment.
- Starting triage using the following planning objectives. These planning objectives are estimates only. The parties agree that actual review times may exceed the timeframes below.
 - For OATS Sev 1 tickets begin triage within one (1) business day of ticket opening during the business days
 - For OATS Sev 2 tickets - beginning triage within five (5) business days
 - In the event of an OATS Sev 1 / P1 ticket being raised, Oracle staff will begin triage upon notification of the ticket being submitted.
- Providing oversight of remediation and Patch set delivery management:
 - Issue resolution or new code development
 - Identification of applicable work around for triaged issue.
- Monitoring, jointly, the AMP processes needed for the 2026 RBP (e.g., ODI, ESS and Batch jobs) to support AMP Stabilization. Monitoring is during normal business hours.
- Identifying the environments path for promoting the code fixes to Production.
- Conducting, at minimum, weekly reviews of the progress on the resolution of the AMP Stabilization issues.
- In conjunction with the Pre-CAB Reviewer Group, deciding upon applicable modifications to the production system and code deployments.
- Executing releases, based upon scheduled defined by the LACA and Oracle Project Manager, for code changes related to AMP Stabilization issues.
- Developing the schedule for Releases.
- Providing monitoring of the OATS tickets from Monday to Friday during LACA normal business hours.
- Reporting on the progress of roll closure against the PWP.
- Providing and executing production data fixes and corrections assigned to Oracle in Jira or OATS.

2. Provide AMP Development Support

As part of new development, prior to each sprint, Oracle will review the current backlog of Issues, Enhancements and User Stories that are at Gate 4 as shown in the JIRA workflow and provide to LACA, for confirmation, items to be included in each sprint and

the User Story complexity. The potential monthly new development effort available for the activities for the Release branches, described above (referred to below as “Velocity”) is indicated in the table below.

Table 6: Sprint Story Points for AMP Stabilization by Month

AMP Stabilization Month	Potential Velocity Measured in Story Points
November 2024	100
December 2024	50
January 2025	100
February 2025	100
March 2025	100
April 2025	100
May 2025	100
June 2025	50
July 2025	40
August 2025	40
September 2025	20

A maximum total of 800 Story Points will be used for new development for AMP Stabilization through a designated set of sprints for the AMP Phase V Releases.

For the avoidance of doubt, any re-performance of services pursuant to **Section 8** of the Agreement is separate from, and not subject to the limitations on development effort for AMP stabilization.

Up to and including June 2025, the expected potential Velocity cannot exceed 150 Story Points within any month.

The Story Points expire on October 15, 2025.

Achieving the potential Velocity noted above is subject to timely availability of sufficient TDD-ready Enhancement and User Story backlog ahead of the Sprint cut-off date, that has been prepared to Gate 4 status, appropriately groomed and is of a suitable skill set mix. The potential Velocity will be reviewed by the PMO to assist with planning.

a. Release Schedule and Contents

As per the release schedule outlined in Table 1, there is a requirements cut-off along with a code freeze at a predetermined date, as agreed by the LACA Project Manager and Oracle Project Director to meet the respective release dates.

The cutoff for logging any Issues for remediation is October 15, 2025.

Oracle will provide a monthly report summarizing the user stories and associated Story Points for each month’s Release scope development and Sprint.

Deliverables

Services under **Sections IV.B.1 and 2** shall be for the purpose of providing the following deliverables:

Table 7: AMP Roll Stabilization Deliverable

Deliverable#	Deliverable Name	Deliverable Description	Estimated Month
3.1 to 3.12	AMP Stabilization and Development Activities	Monthly report of the AMP Stabilization activities	Month 1 – 12 Starting Nov 2024

3. Provide AMP Security and Identity Management Implementation Support

The following Activities will be executed to support security and identity management for this Phase.

a. Integrate Azure AD with AMP Security

- Only for Assessor-staff, County-Non-Assessor accounts and AMP admin accounts.
- Only accounts currently in the “primary” Azure AD tenancy (lacounty.onmicrosoft.com).
- Only for PSTST, STG2, Stage, Production, DR AMP Environments.

Oracle will execute the following tasks:

- Design for the Azure AD integration with AMP security.
- Support for the required account cleanup, as defined in the design.
- Configuration of all AMP-side as defined in the design.

b. Implement Two Factor Authentication (2FA) for Public User Accounts

- Account types will include external/public user accounts.

Oracle will execute the following tasks:

- Perform all configurations to enable 2FA services in the AMP identity and access management components.
- Provide specifications and guidance for 2FA to the Assessor-chosen SMS gateway provider (e.g., Syniverse).
- Provide configuration of a secure channel between the AMP application and infrastructure and the Syniverse SMS gateway.
- Provide guidance as required to Assessor CSR team if Assessor team decides to enhance CSR for data validation.

c. Upgrade to TLS 1.3 Support

- The following technical components have “SSL listeners” which are in scope for migration to TLS 1.3:
 - LBaaS listeners
 - OHS listeners
 - WebLogic listeners
 - OUD LDAP listeners

Oracle will execute the following tasks:

- Work with LACA to determine the configuration changes required to enable TLS 1.3 or higher.
- Perform the configuration changes across all environments where SSL is configured.
- Configure TLS 1.3 or higher support for the following technical components: SSL/TLS listeners in (a) WebLogic server domains, (b) OHS instances, (c) LBaaS instances, (d) OUD (LDAPS and Admin listen ports).
- Use the highest version of TLS which is supported by all the participating AMP components for consistency.

d. Implement “SSL Everywhere” for ADEV2 and PSDEV environments for FMW domains

Oracle will execute the following tasks:

- Implement the AMP-standard “SSL everywhere” pattern for the specified environments. This will include implementation of the “external” LBaaS instance for the environment.

e. Execute OIM Role-Assignment Certification Campaign

Oracle will execute the following tasks:

- Perform one Role-Assignment Certification Campaign in the Production environment.
- At the request of the Assessor team, the Oracle security team will participate in assessment workshops and meetings to evaluate the set of enterprise roles with the goal of simplification, optimization and potentially consolidation.

f. Provide Support for Enterprise Role Management

Oracle will execute the following tasks:

- Provide up to a total of four (4) hours a week to support LACA security team management of AMP enterprise roles.
- Provide assistance with any technical issues encountered during role creation or execution of role-membership rules.
- Provide deployment of AMP enterprise roles into the following environments: PSDEV, PSTST, Stage, Prod, DR.
- Store relevant IDM-related technical artifacts in the project GIT repository.

g. Separate IDM System for External User Access

- The current AMP IDM security stack is shared by both LA County internal users (Assessor Department, multiple county-non-Assessor departments) as well as by public users.

- Account types: external/public user accounts only.
- Target applications: Assessor Website (aka, eFile), AMP Assessor Portal, CSR (and/or CSR replacement used for public user self-registration and self-profile management).

Oracle will execute the following tasks:

- Conduct an assessment and elaboration session to identify Assessor business objectives and requirements related to Assessor Portal and eFile access by public users.
- Provide an architecture and design for a new, separate IDM system which will be used to provide identity and access management for only public user accounts.
- Provide a revised design for the existing AMP IDM system which will be used to provide identity and access management for all County-internal user accounts (Assessor staff, County-Non-Assessor staff, AMP administrators, Service accounts).
- Provide a migration plan to move from the existing “single IDM system” to the new “dual IDM system” per the new designs.
- Create a Proof of Concept (POC) using Oracle cloud identity management services for external user accounts.

h. Conduct Oracle Identity Governance (OIG) Performance Tuning

Oracle will execute the following tasks:

- Implement performance tuning for OIG following the recommendations provided in the Oracle product documentation entitled “Oracle Fusion Middleware – Tuning Performance Guide, Section 13 – Oracle Identity Governance Performance Tuning” for all the AMP environments defined in this SOW.

i. Decouple Dependencies on OCI API Gateway for Assessor Applications

Oracle will execute the following tasks:

- For Assessor-developed applications which are clients that use Assessor Portal APIs in all AMP environments, update and document the existing architectural pattern which governs how various “non-AMP-core” applications make calls to Assessor Portal APIs to allow selected and approved applications to by-pass the OCI API gateway.
- Implement in AMP environments the new pattern for published AMP APIs for Assessor applications.

Deliverables

Services under **Section IV.B.3** shall be for the purpose of providing the following deliverables:

Table 8: Security Extensions Deliverables

Deliverable#	Deliverable Name	Deliverable Description	Estimated Month
4.1 to 10	Security Extensions Summary	Monthly Summary of Security Extension Activities and Accomplishments	Months 1-10

4. Provide Oracle Policy Automation (OPA) Replacement Support

Oracle will provide support to LACA in the replacement of OPA business rules. The scope will be limited to a like for like replacement of the existing business rules in the current release as of November 19, 2024 of AMP for SimulateAssessments and BYE. The business rules replacement will not exceed six hundred (600) low complexity business rules. It will not consume the 800 story points defined in **Section IV.B.2**

The tasks under this Activity include:

a. Conduct Planning for OPA Replacement

- Identify OPA work items and units to track.
- Define required development and test environments.
- Plan hand-off segments between the OPA architect and the developers.
- Meet with LACA, to define the OPA replacement architecture, QA tools and strategy.
- Define architecture for custom rule deployment.
- Identify libraries that may assist in development / maintenance.
- Determine tools to facilitate development and QA and plan development effort.
- Define test strategy, create and modify test plan and test cases for TDD, SIT, and PT.

b. Conduct Design and Development

- Define segments rules, harvest, re-organize and add supplementary info.
- Conduct hand-off sessions with developers.
- Develop rules / debug issues.
- Validate rules for OPA replacement.
- Re-point rule assessments.
- Conduct non-rule related development required for solution architecture.

c. Conduct Testing of OPA Replacement Code

- Test the replacement code using the validation tool.

d. Transition OPA Replacement Code to AMP Production

- Secure release path and window for SDLC environment propagation and production release.
- Test data extraction.
- Conduct parallel testing of AMP with OPA and with new code.
- Conduct regression and performance testing against the baseline release.

Deliverables

Services under **Section IV.B.4** shall be for the purpose of providing the following deliverables:

Table 9: OPA Replacement Approach Deliverables

Deliverable#	Deliverable Name	Deliverable Description	Estimated Month
5.1	OPA Replacement Approach report	A report that documents the required tasks and project plan to replace OPA with native JAVA code	Month 2
5.2 to 5.11	OPA Replacement Execution Report	Monthly Summary of OPA Replacement activities and progress against the OPA Replacement Approach Plan. The final report will include OPA Replacement Cutover Execution Report	Months 2-11

C. Conduct Knowledge Transfer Activities

- The assigned Oracle staff will create a knowledge transfer plan using a template provided by Oracle. The plan will include topics, component walk throughs from a technical perspective using documentation that was created in Phase IV every 2 weeks, the estimated time to review the topics and the schedule for the topics review.
- The Oracle and LACA staff members will review the plan with the LACA and Oracle PM and receive approval.
- The assigned Oracle staff will adhere to the approved schedule. Should LACA staff not be available at the approved schedule, then the session's Zoom recording will be provided to the LACA staff.
- The knowledge transfer activities will be completed once the plan has been executed and / or the session recordings provided.
- The available deadline and scope for the Knowledge transfer plan to be completed by is no later than March 31, 2025.

Deliverables

Services under **Section IV.C** shall be for the purpose of providing the following deliverables:

Table 10: Knowledge Transfer Deliverables

Deliverable#	Deliverable Name	Deliverable Description	Estimated Month
6	Knowledge Transfer Plan (KTP)	The knowledge transfer plan to include knowledge transfer topics, estimated time to review the topics and the schedule for topics review	Month 1
6.1	Knowledge Transfer Execution Report	Summary of Knowledge Transfer activities and progress against the	Month 5

Deliverable#	Deliverable Name	Deliverable Description	Estimated Month
		KTP	

V. YOUR RESPONSIBILITIES

A. County of Los Angeles Office of the Assessor Responsibilities

You acknowledge that Your timely provision of, and reasonable access to, office accommodations, facilities, equipment, assistance, cooperation, complete and materially accurate information and data from Your officers, agents, and employees, and suitably configured computer products (collectively, "cooperation") are essential to the performance of any services as set forth in this Statement of Work.

Oracle will not be responsible for any deficiency in performing services to the extent such deficiency results from Your failure to provide reasonable cooperation; provided however, that Oracle acknowledges its duty to endeavor reasonably to mitigate the effects of any such failures so as to avoid deficiencies.

You acknowledge that Oracle's ability to perform the services depends upon Your reasonable fulfillment of the following responsibilities and the following project assumptions:

1. General Responsibilities

- a. Maintain the properly configured hardware / operating system platform to support the services.
- b. Obtain licenses, under separate contract, for any necessary Oracle software and hardware programs before the commencement of services.
- c. Maintain annual technical support for the Oracle software and hardware, under separate contract, throughout the term of the services.
- d. Obtain Cloud Services under separate contract prior to the commencement of Services under this exhibit and maintain such Cloud Services for the duration of the Services provided under this exhibit.
- e. Provide Oracle with full and timely access to relevant functional, technical, and business resources with adequate skills and knowledge to support the performance of services.
- f. Provide, for all Oracle resources performing services at Your site, a workspace that complies with applicable state and federal standards.
- g. Provide any notices, and obtain any consents, required for Oracle to perform on-site services.
- h. Limit Oracle's access to any production environments or shared development environments to the extent necessary for Oracle to perform services.
- i. As required by U.S. Department of Labor regulations (20 CFR 655.734), You will allow Oracle to post a Notice regarding Oracle H-1B employee(s) at the work site prior to the employee's arrival on site.

- j. If, while performing services, Oracle requires access to other vendor's products that are part of Your system, You will be responsible at Your expense for acquiring all such products and the appropriate license rights necessary for Oracle to access such products on Your behalf.
- k. Provide Oracle with a written notice of any desired change in the established work schedule at least 48 hours prior to the date You desire such change to be implemented.
- l. Provide Oracle with a written notice of any desired change in the established work location at least 48 hours prior to the date You desire such location change to be implemented.
- m. Provide Oracle access to data structures, documentation, applications, databases, and artifacts as required by Oracle to support the performance of services.
- n. You are responsible for acquiring and maintaining any equipment and performing any labor and / or activities necessary to set-up and maintain network connectivity at and to Your Oracle software environment.
- o. You will provide and maintain user accounts for, and access to, a VPN for the Oracle team members, including but not limited to, Oracle's onsite and remote resources for Oracle team member support of Your project. VPN access will be granted to Oracle resources based on mutual agreement.
- p. You will provide 24-hour remote VPN access to all environments, as mutually agreed, associated with the services, with no outage longer than 12 hours during business hours.
- q. Be responsible for any needed data cleansing activities.

2. Project Responsibilities

- a. Identify, schedule, and facilitate the necessary requirements gathering, analysis, acceptance criteria, test cases, test data, design, and implementation planning sessions with Your business user representatives and project team members, all according to the project schedule.
- b. Comply with the dates defined in the project schedule and signed by Your Project Manager except as mutually agreed upon.
- c. Ensure that the services will not be adversely impacted by other projects or initiatives currently underway at Your facilities. Oracle is not responsible for adverse impact to the services arising from other concurrently scheduled projects or initiatives.
- d. Be responsible for any and all deficiencies or delays attributable to Your resources and / or Your third party resources, and any resulting impact to the estimated timeline, work effort, and associated fees for services.
- e. Provide the necessary and appropriate data (e.g., test data, configuration data, etc.) required by Oracle to support the performance of services.
- f. Be responsible for ensuring that Your resources attend Architecture and Technical governance meetings (defined in Architecture Activities). Such meetings will be held on business days and during normal business hours unless otherwise mutually agreed.
- g. Be responsible for defining business requirements and identifying a member of Your staff who will serve as the Business Owner. LACA will be responsible for coordinating the collection of business requirements, prioritizing them, and ensuring the active

participation of subject matter experts from Your staff as required for delivery of Services.

- h. Ensure that all Your tasks (specified in the table below) are completed prior to the corresponding Target Date or Project Milestone (as specified in the table below). You acknowledge and agree that (i) the below Your tasks are necessary prerequisites to Oracle's performance of the corresponding dependent Oracle tasks, and (ii) that any impact to the services arising from Your failure to perform any of Your tasks below is subject to the Change Order Process as outlined below.
- i. Prior to the completion of the Elaboration stage, ensure that Your networks, including local area networks ("LANs"), wide area networks ("WANs"), and communication hardware / software including firewalls, routers, and load balancers, required for the performance of services will support Your desired performance response(s).

3. Design and Implementation Responsibilities

- a. Understand the architecture and implementation approach.
- b. Participate in all aspects of the project based upon the roles and responsibilities defined in the SOW.
- c. You will be solely responsible for the design and development of any changes or modifications to existing systems, excluding AMP, as required for Services.

4. Infrastructure Responsibilities for Environments

- a. Procure, install, setup/configure, and validate all hardware including, but not limited to, storage and servers, network infrastructure and operating system platforms required to support the performance of services.
- b. Be responsible for installing Patches or upgrading environment to meet minimum standards.
- c. Be responsible for the legacy touch-points portion of any interface, e.g., the actual extract from and/or feed into the legacy applications.
- d. Database and servers planning, architecting, installation, management and support will be performed by You in all legacy environments.
- e. Provide the following functional environments for each Release:

Table 11: Table of Functional Environments

Environment	Description	Location
Development One or more as required.	A Dev Environment to be used for developing one or more of the Phase V releases	Oracle Cloud ⁴
Integration One or more as required.	A Test Environment to be used for development integration testing and demonstration for Issues, Enhancements and User Stories	Oracle Cloud
User Acceptance One or more as required.	A Test Environment to be used for user acceptance and regression testing for each of the one or more of the Phase V releases	Oracle Cloud
Staging One or more as required.	A Staging Environment sized similar to Production for Performance Testing and promotion rehearsal for Hotfixes, Patches and Release prior to Production promotion of the release	Oracle Cloud
Production	A Production Environment to host AMP	Oracle Cloud

5. Provide Systems for Real Time Interfaces

- a. Provide access to the following systems required for the creation of real time interfaces as follows:

Table 12: Required Access

System	Associated Project Environments	Access Mode *(R,W,R/W) ⁵	Description
Active Directory	All	R	User store

- b. Provide access to the libraries necessary to perform the services (e.g., code), including merging of the libraries (e.g., code path changes), and migrating of libraries (e.g., code path) between all environments.
- c. Be responsible for maintaining, administering, and supporting the relevant libraries.
- d. Ensure that the system and its environments comply with Your security guidelines, and all applicable governmental regulations.
- e. Be responsible for reconstruction / restoration of any lost or altered files, data, and programs.

⁴ Oracle Cloud refers to Oracle Cloud Infrastructure (OCI).

⁵ R=Read, W=Write, R/W=Read/Write

- f. Provide a backup of each mutually agreed environment on a schedule agreed to by You and Oracle.
- g. Be responsible for the installation, configuration, maintenance, and management of any and all third-party products.
- h. Provide the following support and response times for infrastructure-related issues:
 - o Normal business hours support with response time within four (4) hours of the time the issue arises, during the Elaboration Phase.
 - o Normal business hours support with response time within four (4) hours of the time the issue arises, during the TDD Phase.
 - o Extended business hours support with response time within two (2) hours of the time the issue arises, during Testing and Transition, where extended business hours will be agreed to, in advance of testing, between You and Oracle to cover all periods of active testing.
 - o Extended business hours support with immediate response during the Transition Phase where extended business hours will be agreed to, in advance of transition, between You and Oracle to cover all periods of active production environment setup, production data load, and UAT testing.

6. Elaboration Stage Responsibilities

- a. Provide the business leadership and business SME for driving elaboration discussions and confirming user stories.
- b. Prior to the design and development stage for any assigned Oracle user stories, complete User Story, along with acceptance criteria and associated UAT test cases, and provision of test data.

7. Test Driven Development (TDD) Stage Responsibilities

- a. Contribute to any necessary end user documentation, including, but not limited to, documenting specific business practices and data examples and organization / end-user specific policies and procedures.
- b. Assess process and system compliance for the system created under this Statement of Work with any audit and control requirements.
- c. Maintain Your directory of users (e.g., Microsoft Active Directory, Oracle Unified Directory, etc.) and apply all changes necessary to support the performance of services.
- d. Build and test legacy system flat file update processes.

8. Production Cutover Responsibilities

- a. Perform any and all data cleansing, reconciliation, and quality control.
- b. Perform all organizational change management activities, including but not limited to, corporate communications, business process changes, and procedural or policy changes.
- c. Be responsible for all communications to any of Your employees, contractors, and agents that are not on the project team.
- d. Establish any necessary help desk procedures for supporting functionality described in this Statement of Work.

- e. Establish production / post-production support infrastructure, including but not limited to, the infrastructure needed to report issues and Issues, and to fix, test, migrate, and promote resolution of any such issues and Issues.
- f. Provide access to Your production employee Microsoft Active Directory.

9. Testing Responsibilities

- a. Be responsible for the following test types and testing activities described in the associated table columns:

Table 13: Testing Types and Activities

No.	Test Type	Create Test Plan	Create Test Scenarios	Perform Testing	Review Test Results
1	Unit	No	No	No	Yes
2	System (Functional)	Participate	Participate	Participate	Yes
3	Systems Integration	Participate	Participate	Participate	Yes
4	User Acceptance Testing	Yes	Yes	Yes	Yes
5	Performance Testing	Participate	Participate	Participate	Yes
6	Regression Testing	Participate	Participate	Participate	Yes

10. Training Responsibilities

- a. Provide and deliver all end user training.

11. Project Management Responsibilities

- a. Designate an executive sponsor who shall represent You during the performance of services, ensure performance of Your responsibilities under this Statement of Work, establish and maintain an active line of communication with the Oracle project manager during the performance of the services, both on an informal basis and in a formal steering committee capacity, and make timely decisions on Your behalf on all relevant issues.
- b. Designate a project manager who shall (i) oversee and ensure Your performance of the obligations You are tasked with during the performance of services, and (ii) work directly with the Oracle project manager on a daily basis to support the performance of services.
- c. Conduct the project with Oracle according to the finalized Project Management Plan.
- d. To facilitate the project, You must take the required action within the Maximum Turnaround Time on the specified Oracle Request Type listed in the table below. In the event that taking the required action is impracticable due to special circumstances, You and the Oracle project manager may mutually agree in writing to an alternative timeframe. If no mutual agreement as to an alternative time frame can be reached within two (2) business days of the end of the Maximum Turnaround Time, any impact to the project will be subject to the Change Order Process as outlined below.

Table 14: Oracle Request Type Response Times

Oracle Request Type	Your Maximum Turnaround Time (Business Days)
Review of Specifications or Non-Deliverable Document	Two (2)
Testing Feedback	Two (2)
Requests for documentation on Systems and Processes	Five (5)
Requests for information on Systems and Processes	Five (5)
Requests for Meetings	Two (2)

- e. The turnaround time for multiple deliverables submitted at one time may be mutually agreed upon by both parties. Both parties agree to review and assess the adjusted turnaround time and its impact to project timeline.
- f. Establish a Project Management Steering Committee to meet not less than monthly, or upon the completion milestones for major activities in the project as set forth in the PWP, or when determined necessary by the Steering Committee to review process and resolve issues. Ensure that Your executive sponsor is a member of the project management steering committee.
- g. Distribute project documentation or correspondence to Your project stakeholders not directly involved with the project.
- h. Provide an escalation process for management of the project or accept the proposed Oracle issue resolution process as defined in the Project Management Plan.
- i. Your and the Oracle project managers will work together to revise the PWP including resource loading and assessing potential scope changes according to the project scope management process and procedures as defined in the Project Management Plan, and report the impact and recommended next steps to Your and Oracle's executive sponsors.
- j. Be responsible for the contractual relationships with third party contractors and for directing such third parties to fully cooperate with Oracle, and the project team, as and when required by Oracle.
- k. You acknowledge that Your failure to meet, in a reasonable manner, the responsibilities listed above may result in increased costs and delays in completion of the obligations under the Agreement, and that Oracle will be entitled to a Change Order as outlined below to receive reimbursement for increased costs, provided however, that Oracle further acknowledges its duty to endeavor to mitigate the impact of such failures.

12. OPA Replacement Responsibilities

- a. Upon Agreement signing, assign an Architect, business rules and subject matter expert to work with the Oracle OPA Architect to understand OPA Replacement.
- b. Meet with Oracle OPA Architect and Oracle Project Manager to confirm the proposed **Phase V** OPA replacement release plan; including identifying confirmed environments path to production.

13. Security Responsibilities

- a. Final HTML/UI look and feel (images, graphics, fonts, layout, etc) including CSS files for the modified AMP custom login page flows as well as the error page.
- b. Review and update the mapping of the Assessor end-user staff to the designated certifiers.
- c. Communicate to the certifiers, and gaining support from the certifiers, for their role in the certification campaign.
- d. Ensure that the certifiers perform their certifications and in accordance with the campaign schedule.
- e. Manage AMP enterprise roles including:
 - o Defining the enterprise role, including use cases and role-membership rules
 - o Gaining Assessor business team approval for new enterprise roles
 - o Updating the AMP master Enterprise Roles spreadsheet
 - o Creating technical artifacts used to perform automated role creation using the AMP Enterprise Role Tool (ERT).
 - o Creating new enterprise roles in the following environments: ADEV, ADEV2, ATE1, STG2

14. Knowledge Transfer Responsibilities

- a. The Your PM will assign LACA staff to serve as the counterpart for each Oracle staff or subject area for knowledge transfer.
- b. These assignments are not to change without mutual agreement between the Oracle and Your PMs.
- c. Coordinate the schedule for Your staff to meet with the Oracle staff.
- d. The Oracle and LACA staff members who are participating in knowledge transfer will create a knowledge transfer plan, using a template provided by Oracle, within one month of project commencement. The Oracle and Your PMs will review and approve the knowledge transfer plans.
- e. In the event that the Oracle team member does not lead a knowledge transfer session, the session can be rescheduled for the following week with agreement from the LACA team member, as mutually agreed.
- f. In the event that the LACA team member does not attend a knowledge transfer session, the session can be rescheduled to the following week but not beyond that week, otherwise the session will be recorded and provided as completion, as mutually agreed.
- g. Knowledge transfer will be completed by May 31,2025 or earlier with mutual agreement between the LACA and Oracle PMs.

VI. PHASE V ASSUMPTIONS, CHANGE ORDER PROCESS AND STATEMENT OF WORK ACCEPTANCE PROCEDURE

The following project assumptions, change order process and a Statement of Work Acceptance procedure will be used by both LACA and Oracle in the execution of AMP **Phase V**.

A. Assumptions

1. Project Assumptions

- a. A Person Day is defined as one (1) person working up to eight (8) hours.
- b. A week is defined as five (5) business days
- c. Oracle standard documentation format will be used for any documentation prepared and / or delivered during the performance of the services.
- d. Project Headquarters will be at 500 West Temple Street, Los Angeles, California, however services will be performed both onsite and offsite including outside of LA area and outside of County facilities.
- e. Project timeline / duration is currently expected to be three hundred and sixty five (365) calendar days from start date excluding the warranty period as defined in Services.
- f. All functionality will be created using U.S. English only.
- g. All monetary values will use US dollars.
- h. Design and implementation decisions made during an earlier phase of the services (e.g., requirements specifications or design specifications identified during the Vision, Elaboration, and/or TDD phases) will be the basis for subsequent design and implementation tasks. Changes to such decisions will be subject to the Change Order Process outlined below.
- i. Oracle will make commercially reasonable efforts to provide You publicly available reference architecture / blueprints for Oracle's technologies, as requested.
- j. Architecture and design review by Oracle of work performed by Your staff will be limited to commercially reasonable efforts and will prioritize work to be delivered by Oracle as defined in services.
- k. Performance goals for the implementation are heavily dependent on technical architecture and hardware. Oracle is not responsible for the performance of the servers, networks, or other hardware elements provided by the County or its third-party contractors.
- l. Oracle will install any new critical patches released over the duration of the project as mutually agreed by You and Oracle.
- m. All workshops will take place at a single location, including virtual locations, for all participants.
- n. You may include observers in workshops that do not have active or participatory role for information purposes only.
- o. You may record meetings not containing material subject to copyright for internal LA County use only.
- p. Final versions of software to be installed will be reviewed with You before software installation.
- q. The PMP is a "living document" where the content of the plan may be updated over the duration of the project to reflect updates concerning risk management, issue management, quality management, and other respective components of the PMP.
- r. AWG is not responsible for prioritization of any work or for any refactoring or development required to implement an AWG decision. However, AWG's impact

analysis must include estimated effort, and that approved impact must be delivered to PMO in User Story or suitable form for grooming and release/delivery management activities.

- s. The details of the meetings, specifically the time and location, will be mutually agreed to by You and Oracle.
- t. You have procured appropriate licenses for and provided Oracle with the following open-source software to use in the performance of this SOW: Gitlab, Jenkins, Archiva, and AngularJS.
- u. Phase V OPA replacement doesn't include business process re-engineering.
- v. Each functional component to be built is represented by a Story whose complexity is expressed in story points as defined in Table 16: Story Point Complexity Description. The mapping of points to complexity is:

Table 15: Complexity Level / Story Point Mapping

Complexity Level	Points
Very Easy	1
Easy	2-5
Moderate	6-10
Complex	11-20
Very Complex	21-40

For comparison purposes, the following table provides a mapping of the story point complexities to artifacts that would be developed in different implementation technologies:

Table 16: Story Point Complexity Description

Complexity Level/Technology	Description
User Interface	
Very Easy	Interface includes up to two (2) user interactions and up to ten (10) simple data input field with no data validation rules and not more than one task flow.
Easy	Interface includes between three (3) and five (5) user interactions and up to twenty (20) simple data input fields with no validation rules and not more than one task flow.
Moderate	Interface includes between six (6) to eight (8) user interactions, up to thirty (30) simple data input fields, and uses only validation rules predefined by ADF with not more than two task flows.
Complex	Interface includes between nine (9) and eleven (11) user interactions, up to thirty-five (35) simple data input fields, and / or includes customizations (including but not limited to custom data types, tables, sorting, security authorization rules, and custom validation rules) with up to three (3) task flows.
Very Complex	Interface includes between twelve (12) and fifteen (15) user interactions, up to thirty-five (35) simple data input fields, and / or includes customizations (including but not limited to custom data types, tables, sorting, security authorization rules, and custom validation rules) with up to four (4) task flows.
BPM Process	
Very Easy	This complexity does not apply to BPM process user stories.
Easy	Up to five (5) activities in the business process

Complexity Level/Technology	Description
Moderate	Between eleven (11) and twenty five (25) activities in the business process
Complex	Between twenty six (26) and fifty (50) activities in the business process
Very Complex	Between fifty (50) and one hundred (100) activities in the business process
BPM Workflow	
Very Easy	This complexity does not apply to BPM Workflow user stories.
Easy	Workflow with a single approver, single management chain, or single sequential chain of approvers
Moderate	A workflow with two (2) parallel approvers or actors
Complex	A workflow with multiple parallel approvers or actors
Very Complex	A workflow with a combination of multiple parallel approvers and/or multiple sequential approvers.
SOA Composite	
Very Easy	Simple wrapper for an existing service with no field-level transformation or additional logic.
Easy	Message payload size of up to 100 kilobytes (kb) Up to five (5) data elements requiring transformation
Moderate	Message payload size of up to 1 megabyte (MB) Up to fifteen (15) data elements requiring transformation
Complex	Message payload size of up to 1 megabyte (MB) Up to forty (40) data elements requiring transformation
Very Complex	Message payload size of up to 1 megabyte (MB) Between forty (40) and one hundred (100) data elements requiring transformation
Java Service	
Very Easy	A Java service that includes one to two system interactions with no business logic. As used in this section, an interaction can be a public interface, a call to an external service, or a single database query. No field transformations are required on public interface fields.
Easy	A Java service that includes between three and five system interactions. Business logic is limited to simple conditional logic without any requirements for structured exception handling or compensating transactions. The public interface does not include more than five (5) data elements requiring transformation
Moderate	A Java service that includes between six and eight system interactions. The service can include substantial business logic requiring switch statements and nested conditional logic, and may require implementation of up to three Java classes and exception handling logic. The public interface does not include more than fifteen (15) data elements requiring transformation
Complex	A Java service that includes between nine and eleven system interactions. The service can contain complex business logic, including multiple nested switch and conditional statements, and may require implementation of up to ten Java classes and exception handling logic. The exception handling logic may include one to two compensating transactions. The public interface does not include more than forty (40) data elements requiring transformation
Very Complex	A Java service that includes more than twelve system interactions or otherwise exceeds the complexity of a Complex Java Service as defined in this assumption.
ODI Map	

Complexity Level/Technology	Description
Very Easy	This complexity does not apply to ODI user stories.
Easy	Data integration routines that require no transformations. These are typically routines that source from relational structures and write into relational structures and are built using standard knowledge modules. Up to one (1) agile Sprint.
Moderate	Data Integration routines that require transformations which may include temporary staging of data before writing into the target structures. The source and target data structures are completely different, but knowledge modules may exist to transform the data from the source to the target data model. Up to two (2) agile sprints.
Complex	The highly complex routines that require complex transformations of data between the source and target data structures, customizations to knowledge modules, data audit steps, external process triggers. Up to three (3) agile Sprints.
Very Complex	This complexity does not apply to ODI user stories.
Database Schema	
Very Easy	A single table structure with less than twenty columns.
Easy	A simple database schema has up to five (5) tables requiring Multi-queries; simple layout
Moderate	A moderate database schema has up to eight (8) tables requiring Multi queries; complex layout
Complex	A high complexity database schema has up to ten (10) tables requiring Multi queries; complex layout and may require prototyping
Very Complex	Very complex database schema has up to thirty (30) tables requiring Multi queries, complex layouts, and performance implications; almost certainly requires prototyping and parameterization
PL/SQL Function	
Very Easy	A service wrapper that provides access to a single table with not more than one associated table of reference data.
Easy	A service that provides access to not more than two tables joined by primary key attributes only, with no business logic (parent-child table structure).
Moderate	A service that provides access to a group of not more than four related tables and limited business logic (such as aggregation and simple math). Implementation is limited to no more than one view. The service can support a nested object such as Customer.
Complex	A service that provides access to between five and ten tables with multiple views. The joins may require structural transformation of data, complex aggregation, and enrichment of returned data (such as domain value translation or external database lookups). The service can support data types for a complex nested object such as Orders and may require conditional logic.
Very Complex	A service that implements complex table joins and transformations that support multiple complex data types, joins more than ten tables, or implements complex conditional logic.
BI Publisher Report	
Very Easy	This complexity band does not apply for BI Publisher Reports.
Easy	Single query; simple layout; Report types that typically fall into this category: tabular, external query, form letter, single break.
Moderate	Multi query; complex layout; Report types that typically fall into this category: master/detail/summary, formula, graphics and text, matrix.

Complexity Level/Technology	Description
Complex	Multi query; complex layouts; prototyping may be required to assure functionality/performance. Report types that typically fall into this category: time series calculation, aggregating data within ranges, anchors, check printing/preprinted forms, invoices, matrix/break.
Very Complex	Multi query, complex layouts/graphics, performance issues; almost certainly requires prototyping and parameterization; Report types that typically fall into this category: ranking, bar coding, dynamic layout/graphics, nested matrix.

- a. Construction will follow the process as outlined in Table 2: AMP Phase V Development Stages.
- b. As used in Services, a “non-value” update is defined as an update to a data element that is not an appraisal, assessment, exemption amount, or other direct component of the assessed value of a property. This includes (but is not limited to) attributes like the Tax Rate Area that are used by AC to calculate tax bills as well as descriptive fields like names, contact data, etc.
- c. As used in Services, a “value” update is defined as an update to a data element that represents an amount (or percentage of an amount) used as a component of an appraisal, assessment, exemption, or other direct component of the assessed value of a property.
- d. As defined in Services, “Global Search” means global across AMP Content and does not include search capability for external content stores or FMW Dehydration Store.
- e. Estimates do not include any effort to make previously developed code ADA compliant.
- f. Anything not expressly specified in this Statement of Work is out of scope and not included or priced into the services to be performed under this Statement of Work. Any request to modify the scope of services will be subject to the Change Order Process as outlined below. Specific items that are out of scope include, without limitation, the following:
 - o Organizational change management.
 - o Hardware installation, configuration and / or testing.
 - o Non-Oracle software installation, configuration, development and / or testing except as mutually agreed.
 - o Design and build of a mobile application.
 - o Build load or migration of external users from external data sources into OIM.
 - o Custom reporting.
 - o Delegated administration for external users.
 - o Provisioning and patching of IDM targets via OEM.
 - o Development of time-based (retroactive event) reasoning within the rule bases.
 - o Development of any custom functions for the rule bases.
 - o Design or implementation of any BI functionality, data access, data architecture, and data integration related to reporting requirements, unless explicitly specified in Oracle scope above.
 - o Work on Phases I, II, III, or IV of AMP.

2. Project Management Assumptions:

- a. Oracle’s OUM Project Management Method (“PJM”) will be used to manage the project.

- b. Scope control (change management) and document review will be performed using Oracle's standard processes and documented herein and/or in the Project Management Plan.
- c. You and Oracle will work together to resolve project issues as specified in the Project Management Plan. Based on the tight timeframe, project issues must be resolved in a timely manner (24 hours for critical issues, 48 hours for less critical issues). Critical issues are those that impact the project timeline, scope or budget. Failure to resolve issues in accordance with the Project Management Plan and in a timely fashion may have an impact on the project schedule and/or price.
- d. You and Oracle will work together to review and mutually agree upon the baseline Project Work plan, including schedule timeframes, tasks, and resource assignments within two (2) weeks after the project start date.
- e. With mutual agreement, You and Oracle may alter the baseline PWP, including the schedule. Finalized changes to the baseline PWP will be saved as the new baseline PWP. Any changes to the PWP that affect the effort or fees will be subject to the Change Order Process as outlined below.
- f. Oracle will at its sole discretion determine the number and manner in which resources are assigned to perform the services described in this Statement of Work.
- g. Oracle may assign or release a specific project resource, or may assign different resources, at different times, to a project task.
- h. If You assign resources to the project, those resources will represent You and will be empowered to make decisions on Your behalf.
- i. Oracle is not responsible for any deficiencies in services performed by non-Oracle resources, or any delays attributable to the performance of non-Oracle resources.
- j. Your and Oracle's project managers will establish periodic project reviews to monitor scope, budget, and timeline of the services.
- k. You must answer implementation questions that Oracle presents in writing to Your project manager within three (3) business days of the date You receive the questions. If You do not, Oracle reserves the right to make, and document, decisions to keep the project moving forward. Subsequent requests to change those decisions will be subject to the Change Order Process as outlined below.
- l. As used in this exhibit, the expression "as mutually agreed" is defined to mean an explicit agreement that is recorded in a design document or other written deliverable. If such an agreement could have scope impact and/or impact effort estimates, it will be escalated to the Oracle Project Manager for review and, if it is found to have a scope and/or effort impact, the Oracle Project Manager may submit a change order to reflect that impact. If a change order is submitted for a "mutually agreed" scope item, the change order process must be completed for the item to be considered "mutually agreed".

3. Documentation Assumptions:

- a. All written documentation and communication will be done in U.S. English. A document deliverable is a document in Microsoft Office 365 format and consists of one (1) electronic copy.
- b. A project plan deliverable is a document in Microsoft Project format and consists of one (1) electronic copy.

- c. A diagram deliverable is a document in Microsoft Visio format and consists of one (1) electronic copy.
- d. A presentation deliverable is a document in Microsoft PowerPoint format and consists of one (1) electronic copy.
- e. User Guide will be created as an electronic pdf document and Microsoft Word that can be used as on-line help.
- f. Oracle will follow a process to provide drafts of Deliverable documents in advance of the finalized document.

4. Scope Management Assumptions:

This section defines how scope will be managed including change order processes and acceptance criteria. The process and format for addressing Your requirement for deliverables using the Deliverable Expectation Document will be defined here, including Your review process, then included in the project schedule for all deliverables.

- a. Deliverables Expectations Document (“DED”)
 - o All deliverables will be prepared in the form and format agreed to by You and Oracle using a Deliverables Expectations Document. No work will be performed on any deliverable, as stated in **Sections III and IV** of this SOW until the DED has been approved by the Assessor. The approval for a DED should be provided within 3 business days after the DED review session takes place between Oracle and Assessor. As each deliverable is submitted, Oracle will include a copy of the approved DED as the cover sheet.
- b. During the DED creation process Oracle will:
 - o Prepare agendas, and coordinate scheduling with You, for all necessary events (e.g., workshops, meetings) for the production of the deliverable.
 - o Facilitate events (e.g., workshops, meetings) as required for the creation of each deliverable.
 - o Record and analyze the input received from all events (e.g., workshops, sessions, and meetings,) and distribute results or minutes for review to event participants.
 - o With respect to documents identified in the DED, as part of the PWP, the parties will endeavor to schedule, if and as appropriate, the delivery of draft documents to enable a preliminary review.
 - o Provide a structured process for You to provide feedback on drafts, including review meeting or other events, as appropriate.
 - o Compile and incorporate Your feedback to the draft deliverable and prepare a revised deliverable.
 - o Effort allocated to a business component may be reassessed during TDD phase. A modified effort may be reallocated to support another business component.
 - o Distribute the revised deliverable to You for review; obtain and analyze Your feedback as above and repeat if necessary.
 - o Complete a final version of the deliverable and DED that both parties agree to.

5. Pillar/Product Assumptions

- a. WCP Assumptions:
 - o Existing user interfaces that are being modified or refactored are implemented in Oracle ADF or Oracle Javascript Extension Toolkit (“JET”). New user interfaces will be implemented in (“JET”) unless otherwise explicitly specified in Services or mutually agreed by You and Oracle.

6. BPM Assumptions:

- a. User Interface pages, forms, and task flows related to BPM processes will employ simple styling and branding, to include corporate color schemes and logos.
- b. Access to Process Diagrams will be provided via link to the Oracle BPM native HTML Process Flow diagram; no custom report or diagram is included in this effort.
- c. Access to OPA Decision Reports, if any, will be provided via link to the OPA native XML Decision Report; no custom report or diagram is included in this effort.
- d. You will obtain and manage your own Certificate Authority (“CA”) for issuing digital certificates to internal users.
- e. BPM process(es) will provide basic exception handling of system errors to include logging the exception in server and/or application logs and providing a user-friendly error message to the User Interface.
- f. BPM user interfaces will provide client-side validation of data input limited to type, length, and format of data provided.

7. SOA Assumptions:

- a. As used in this exhibit, functionality in SOA technology may be implemented using any component of Oracle SOA Suite 12c for which You are licensed, including (but not limited to): Business Process Execution Language (BPEL), Java, Technology Adapters, Oracle Business Rules, Oracle Service Bus, Oracle Mediator, and User Messaging Service.
- b. SOA services will utilize the SOA Suite Database Adapter to interface with deployed PL/SQL services for CRUD operations in ADR.
- c. SOA services will utilize either Simple Object Access Protocol (SOAP) or Representational State Transfer (REST) protocol.
- d. PL/SQL and SOA-based services will be consolidated and normalized in an effort to maximize reusability.
- e. Services may be secured by standard security policies applied by Oracle Web Services Manager (OWSM).
- f. Oracle assumes that all SOA services to external systems will support no more than ten thousand (10,000) transactions per interface in a 24-hour period unless otherwise noted.

8. ODI Assumptions:

- a. Data quality issues caused by legacy source system data identified during any testing phase will not be classified as a defect.
- b. All activities that require the knowledge of the source systems and / or that are required to be performed in the source systems to implement the data integration solution using ODI will be the responsibility of the Assessor.

9. Security Assumptions:

- a. The technical architecture will use a standard Oracle reference architecture.
- b. A single unique identifier exists and is the same in all LDAP and Active Directory environments (example: userid or email address).
- c. Active Directory is the authoritative source for internal users.

- d. Assessor Internal user authentication will use user ID and password, Windows native authentication.
- e. External user authentication will use OAM / OIM.
- f. The additional AD domains and LDAP directories will be integrated with OUD alone for the purpose of authenticating users. OIM will not be used for user provisioning and user account management to Your Active Directory.
- g. This phase assumes there are no requirements to implement any new Oracle security technologies except those explicitly listed in services.
- h. Directory virtualization assumes use of only those adapters provided by Oracle as part of the base product.
- i. No additional security providers or sources are required.
- j. All web applications support one of the following federation protocols: SAML 2.0, SAML 1.1, WS-Federation 1.1 or Open ID 2.0.
- k. You will provide the list of enterprise roles that need to be configured in OIM along with associated system access that needs to be granted / revoked.
- l. Integration with non-Assessor LDAP systems can be achieved either via virtualization or standards-based federation.
- m. No development is required for any custom federation objects.
- n. ASO Transparent Data Encryption will be configured for tablespace encryption. No column only encryption will be used.
- o. Up to fifteen (15) event triggers and fifteen (15) alerting policies will be configured for the in-scope databases for Audit Vault.
- p. The AVDF rules and alerts for the new in scope databases will be similar to the ones configured for the ADR databases.
- q. Security releases may be run on a separate release track than for the AMP core application release. This provides improved flexibility in deployments and removes artificial dependencies. Coordination between security component releases and AMP core application releases will still be observed such as to coordinate deployment of enterprise roles required by the AMP core applications.
- r. Every account in Azure AD must have a valid and unique employeeID attribute value.
- s. User accounts from Board of Supervisors department may require a work around.
- t. Current Oracle products, specifically Oracle Access Manager (OAM) v12.2.1.4, do not support Windows Native Authentication (WNA) with Azure AD.
- u. Integration of AMP identity management with Azure AD will require involvement and support by the Assessor and/or LA County/ISD teams responsible for the management LA County Azure AD system.
- v. Oracle is not responsible for the cleanup of user accounts in Azure and/or Assessor AD and/or ISD Hosted AD which may be required for the integration
- w. Oracle is not responsible for the configurations in Azure and/or Assessor AD and/or ISD Hosted AD which will be required for the integration.
- x. The implementation of two factor authentication for the Public Facing Assessor Website will be based on the design used in the Phase IV Proof of Concept for TFA.
- y. Validation of modifications to mobile phone and email using the IDM self-modify-profile feature are not included.

- z. The target configuration will be configured to allow either TLS 1.3 or higher or TLS 1.2; this is to allow support for organizations which support TLS 1.2 but do not yet support TLS 1.3.
- aa. It is the Oracle/OCI-supplied products and services, provided under a separate agreement, which determines support for TLS1.3. Components which do not support TLS 1.3 will be excluded from scope.
- bb. The implementation for SSL everywhere for PSDEV environments will be based on the well-established AMP standard “SSL everywhere” configuration.
- cc. Configuration of SSL for the UI for GIT, Jenkins, SonarQube and OATS will only be included if these products themselves support TLS.
- dd. The architecture for Separate AMP IDM System for External User Access will be based on current Oracle product and cloud service capabilities available or announced at the time that the Oracle team generates this architecture.
- ee. The Oracle security team will participate in workshops and meeting to assess the current set of enterprise roles but Oracle will not be responsible for leading this assessment work.
- ff. The Separate AMP IDM System for External User Access work track can be performed either in conjunction with, or independently of, the “New Public-Facing Assessor Portal”
- gg. It is recognized that implementation of such a “new, separate IDM system” may not be desirable or feasible without also implementing a new public-facing Assessor Portal at the same time.
- hh. The Separate AMP IDM System for External User Access POC using Oracle cloud identity management services for external accounts will implement only key capabilities for identity and access management.
- ii. As part of the Separate AMP IDM System for External User Access POC, there will be no changes to the Assessor Portal single-system architecture.
- jj. Manual role assignments for the following account types will remain the responsibility of the Assessor security teams: County-Non-Assessor accounts, AMP admin accounts, AMP service accounts.
- kk. Manual assignments will not be performed for External/Public user accounts.
- ll. As recommended in the Oracle Performance Tuning Guide the Oracle security team will consider the specific use case scenarios for AMP in order to determine which settings are appropriate to be applied.
- mm. Assessor will provide the list of Assessor applications to be configured to be routed through the API Gateway

10. Database Assumptions:

- a. Existing data model for ADR repository will be extended with new tables.
- b. Existing tables in data model for ADR repository will be extended with new attributes.
- c. Existing data model for ADR-staging repository will be extended with new tables.
- d. Existing tables in data model for ADR-staging repository will be extended with new attributes.

11. PL/SQL Design Assumptions:

- a. Technical design, implementation and testing of PL/SQL data services are included.

- b. PL/SQL data services are normalized to include Database applications (e.g., Data upload), Web Application (e.g., Portal), interface applications (e.g., between systems).
- c. PL/SQL data services are developed as procedures/functions and logical aggregate grouping into packages will be made at design time.

12. BI Publisher Design Assumptions

- a. Data will be refreshed up to three (3) times a day for the reporting tables.
- b. There will be up to fifty (50) overall users of the reports created.
- c. There will be up to six (6) security groups for reports created.

13. Oracle Enterprise Manager Assumptions

- a. OEM has been granted sufficient authority to access target systems.
- b. Network firewalls are configured to allow OEM to communicate with designated target systems.
- c. Local and shared storage is sufficient as defined in the product installation manual.
- d. Documentation is in an Oracle standard format and delivered in an MS-Word compatible file.
- e. A My Oracle Support user ID and password must be provided to integrate My Oracle Support with Oracle Enterprise Manager
- f. Administrative access to OEM is provided.
- g. OEM administrators and application technical leads who are using OEM Services are available for technical discussions.

14. Testing Assumptions:

- a. All TDD stage summary reports will be provided following the completion of testing in that phase or release.
- b. Testing will be done from Your workstations or Oracle laptops that can access project servers.
- c. Assessor to participate in joint SIT Testing.
- d. An Oracle Test Lead will be assigned to support testing throughout the project lifecycle and will be on site.
- e. Test results will be managed, tracked, and reported from a central bug tracking system or list.
- f. You and Oracle will agree on test cases during the Elaboration stage. These test cases will only represent core product and use case functionality and may be mutually updated during the TDD Stage; however, all test cases must be reviewed and approved as defined in the Oracle Request Type table VI of this SOW before the start of each test phase.
- g. Oracle will only address identified issues with functionality and / or documentation that arise during testing and directly from Oracle obligations specified in the description of services in this Statement of Work.
- h. During unit, system, system integration, performance, or user acceptance testing, Defects will be recorded and classified according to the following table and the procedure specified under the table:

Table 17: Defects Definitions

Level	Category	Description
1	Sev1	Essential Business Process Affected - Any highly critical system or service outage that results in loss or severe degradation of business processes and / or capabilities defined as “must have” in the finalized requirements, and for which there is no acceptable workaround. (Availability of workaround renders it “Sev2”).
2	Sev2	Part of an Essential Business Process or Workgroup Affected - Degradation of system or service performance that impacts end user service quality or significantly impairs business process control or operational effectiveness for functionality defined as “must have” in the finalized requirements, but for which there is an acceptable workaround.
3	Sev3	Non-Essential Business Process or Workgroup or Individual Affected - Minor degradation of system or service performance that does not have any impact on end user service quality. These are typically cosmetic defects.
4	Doc	Documentation Defect Error or omission in document.

- i. Both You and Oracle may record and classify Defects according to the levels in the above table. In the event of a disagreement about the classification level of a Defect, You and Oracle will escalate the issue to project executives.
- j. You and the Oracle project manager will review recorded Defect levels during testing and, upon mutual agreement, may change the level of any Defect.
- k. Completion of unit, system, system integration, performance, or user acceptance testing occurs when:
 - o Identified Sev1 and Sev2 Defects related to items tested during such testing have been addressed by Oracle as of the date the final items are made available to You.
 - o Oracle has identified a plan for addressing other related Defects in such items.
- l. Readiness for production use is achieved upon completion of unit, system, system integration, performance, or user acceptance testing.
- m. Performance, UAT and other testing will occur in environments as mutually agreed.
- n. Test cases will be reviewed and approved as defined in the Oracle Request Type table in Section V of this SOW before each test phase commences.
- o. Performance metrics and SLAs have not been defined. Oracle will be operating under the premise of “Oracle Recommended Practices” for the Performance Assessment.
- p. For all performance testing scenarios executed in OATS, Oracle assumes the achievement of the following metric as a successful performance test:
 - o Page load time of no more than five (5) seconds with up to one thousand five hundred (1500) concurrent users, as related to Oracle product functionality.
- q. Performance testing activities may include any of the following:
 - o Generation and execution of functional test scripts using Oracle Functional Testing
 - o Generation and execution of load test scripts using Oracle Load Testing
 - o Generation and execution of ETL process performance tuning.
 - o Configuration and implementation of load test profiles using Oracle Load Testing
 - o Configuration of test data files to support load testing using Oracle Load Testing
 - o Implementation of test plans using Oracle Test Manager
 - o Configuration of OEM diagnostics and tuning packs, and other automated capabilities

- o Execution of standard Automated Workload Reports (AWR) from the database.
- r. Performance tuning activities may include the configuration of web, application, database, and infrastructure cloud service products.
- s. Any changes to the above process and standards will be subject to the Change Order Process as outlined below.
- t. Criteria of completed testing (Definition of Done) is as follows:
 - o All acceptance criteria met with user stories completed;
 - o Code completed with zero opened Sev1 or Sev2 defects;
 - o Code review and revisions completed;
 - o Code checked into GIT source control repository;
 - o Demo accepted by Your designated Product Owner (for demo-able user stories);
 - o Test scripts completed and checked into the source code system.

15. OPA Replacement Assumptions

- a. Releases of the OPA replacement code into Production will occur in accordance with the LACA business year.
- b. The harvest sessions will be recorded on Zoom and uploaded to a LACA repository. shared with LACA staff as part of a knowledge transfer task.
- c. The support for this Activity will end no later than October 2027.
- d. There will be no changes to the existing business rules in OPA.
- e. The OPA replacement code will be a like for like replacement with the existing OPA code.
- f. Replacing an operation deprecates the OPA operation only after all dependent operations have been deprecated.
- g. Rule-for-rule replacement is based upon Oracle's discretion.
- h. As long as there is no functional impact to the rule inference, Oracle has discretion to choose to follow or not follow the manner with how the OPA rule was written.
- i. The OPA rules being replaced are limited to the BYE and SimulateAssessment rules.
- j. Oracle will perform the performance test with the replacement code.
- k. Oracle is responsible that the code is functionally correct.
- l. Any degradation in performance, based upon the performance benchmark from OPA, will be tuned by Oracle within the project schedule.

16. Knowledge Transfer Assumptions

- a. The knowledge transfer sessions will be two (2) hours in duration.
- b. The knowledge transfer sessions will occur twice a month as defined in the Knowledge Transfer Plan.
- c. The total number of sessions will not exceed ten (10).

You acknowledge that any change or alternation of the assumptions above may alter the estimated project scope, including but not limited to, the approach, resources, staffing levels, cost, and schedule; and shall be subject to the Change Order Process as outlined below. The assumptions are integral to the estimated scope and associated fees.

B. Change Order Process

Any request for any Change Order must be made in accordance with the language set forth herein. Oracle shall not be obligated to perform tasks related to changes in time, scope, cost, or contractual obligations until You and Oracle agree in writing to the proposed change in an amendment to this SOW. The Change Order process includes the following steps:

1. Either party will be able to submit a written request for any change order. Oracle and/or You, with mutual agreement, may provide up to four (4) hours of design effort to incorporate into such change order request. Should design efforts require more than four (4) hours, the design effort shall be presented on a Change Order Form. For change order requests prepared by Oracle for You, such shall be prepared and submitted within two (2) business days, if feasible, from the date the change is identified.
2. In cases involving significant changes, or if evaluation of a change order request requires more than four (4) hours of effort to evaluate and propose an approach, Oracle will advise You of this condition and:
 - a. Set a new time frame for response;
 - b. Prepare an estimate of cost to complete the evaluation; and
 - c. Return this information to You for review and approval.
3. If Oracle requires further formal evaluation, You will determine whether it wishes Oracle to proceed with that evaluation, depending upon the cost of such evaluation. If Oracle is engaged to perform further formal evaluation, the Oracle response to a change order request will contain the impact of the change on various portions of the exhibit, including identifying and quantifying changes in services, schedules, and/or price. Oracle will also indicate alternate approaches where possible.
4. Oracle shall provide You with a written statement; offering to perform pursuant to the change order request, proposing modifications to the change order request, or rejecting such change order request within five (5) business days from date of receipt of such change order request. Oracle's statement will include detailed information as to; (i) the availability of Oracle's personnel and resources, and (ii) the impact, if any, on the completion of services, the delivery of any deliverables or the cost of the services.
5. If You desire to implement a change order request, You shall provide written authorization to Oracle to proceed with such change order request upon the terms set forth therein or as modified by Oracle in its response.
6. Oracle will prepare an estimate for the cost of the change order request within five (5) business days and will have You approve such change order prior to commencement of any work. If You would like to modify requirements of the original change order, Oracle will void the original and create a new change order that will also require Your approval.
7. Upon receipt of such written authorization from You, Oracle shall promptly commence performance in accordance with the change order as modified by Oracle's response thereto. Changes that increase the cost and/or impact the schedule must be documented in a Change Order that must be signed by authorized representatives of the parties.
8. Each change order, as modified by Oracle's response thereto, which is duly authorized in writing by You shall; constitute a formal modification to, be deemed incorporated into and shall become a part of the Agreement. In no event shall the Agreement, and/or any other obligations of Oracle with respect to AMP Phase V be deemed amended except through a Change Order approved by Oracle and You.

9. You must respond in writing to approve or deny such change order request within ten (10) business days of the date of such change order request. Should You not provide this response to Oracle within such ten (10) business days, Oracle shall assume the change order request to be denied by You.
10. Oracle shall submit invoices for all approved Change Orders associated with the level of effort engagement as a part of the work payment associated with the Change Order and represented in the amended SOW and will invoice along with the deliverable payment once the deliverable is complete. If the deliverable has been completed and invoiced, a separate monthly invoice will be required. Such invoices will include all fees approved within the Change Order.
11. Management of this process is the responsibility of the Oracle Project Manager and Your Project Manager who has primary responsibility for contract delivery. Specific procedures associated with the Change Order Process are triggered by (1) the Oracle Project Manager and Your Project Manager reaching agreement on the change and (2) submission of a Change Order Form to the Oracle Project Manager. Oracle will log all changes to the SOW in the Change Control Log as the permanent record of change order request status and approved changes to the SOW. Any such change, unless specifically stated within the exhibit, may be subject to a mutually agreed upon pricing adjustment.
12. Until agreement can be reached on the implementation of the requested change, or if agreement cannot be reached, services will continue to be performed in accordance with the existing terms and conditions of this SOW.

C. Statement of Work Acceptance Procedure

Acceptance shall be in accordance with the Agreement **Section 5 - Acceptance of the Agreement**.

1. Specific Exclusions

The following items are considered to be out of scope for this effort:

- Assessments or recommendations for network capacity requirements and specifications for local area network ("LAN") or wide area network ("WAN").
- Any reference to Ad-hoc Reporting.
- Any scope indicated as County and/or Assessor responsibility.

VII. FEES, EXPENSES, AND TAXES

A. Fees and Expenses for Fixed Price Agreement

You agree to pay Oracle a fee of Twelve Million Nine Hundred and Eighty Five Thousand Four Hundred and Twenty Nine dollars (\$12,985,429.00) for Services and deliverables described in **Section 3** of this Statement of Work. This fee includes travel and out of pocket expenses. This fee does not include taxes. Upon completion of a milestone, ninety percent (90%) of the corresponding milestone fee specified below becomes due and payable and Oracle shall thereafter invoice, and You shall pay, such milestone fee; this payment obligation shall become non-cancelable and the sum paid non-refundable on Your acceptance date. A milestone is completed once all the deliverable(s) under such milestone are accepted, or deemed accepted, in accordance with Paragraph 5.1 (Acceptance) of the Agreement. The remaining ten percent (10%) of each corresponding fee not originally invoiced shall be due upon Final Acceptance of the Solution in accordance with Sub-paragraphs 5.2 through 5.6 (Final Acceptance) of the Agreement.

As of the Effective Date of this Statement of Work, the below delivery dates are estimated dates and are intended for planning purposes only. As such Oracle does not guarantee that these dates will be met and failure to meet such estimated dates shall not, in and of itself, constitute a breach of contract. Oracle will, however, use commercially reasonable efforts to meet the estimated dates.

Notwithstanding the foregoing, the PWP shall set forth mutually agreed upon dates for the below deliverables. Upon acceptance by You of the PWP, such dates shall no longer be deemed to be estimates. Any changes to the PWP will be reviewed and agreed upon jointly by the Your and Oracle Project Managers and recorded in the weekly status reports.

Table 18: Fixed Price Agreement Deliverables and Fees

#	Deliverable Name	Deliverable Description	Expected Delivery Month	Value	10% hold back	Deliverable value
1	Phase V Project Inception	Tasks to establish the project including a project kickoff presentation	Month 1 - November 2024	\$450,000.00	\$45,000.00	\$405,000.00
2	Initial PWP and PMP	Initial Project Work Plan and Project Management Plan for Phase V	Month 1 - November 2024	\$825,000.00	\$82,500.00	\$742,500.00
3	AMP Stabilization Activities	Monthly report of the AMP Stabilization activities				
3.1	AMP Stabilization Activities - Month 1	Monthly report of the AMP Stabilization activities	Month 1 - November 2024	\$750,000.00	\$75,000.00	\$675,000.00

#	Deliverable Name	Deliverable Description	Expected Delivery Month	Value	10% hold back	Deliverable value
3.2	AMP Stabilization Activities - Month 2	Monthly report of the AMP Stabilization activities	Month 2	\$750,000.00	\$75,000.00	\$675,000.00
3.3	AMP Stabilization Activities - Month 3	Monthly report of the AMP Stabilization activities	Month 3	\$750,000.00	\$75,000.00	\$675,000.00
3.4	AMP Stabilization Activities - Month 4	Monthly report of the AMP Stabilization activities	Month 4	\$750,000.00	\$75,000.00	\$675,000.00
3.5	AMP Stabilization Activities - Month 5	Monthly report of the AMP Stabilization activities	Month 5	\$640,000.00	\$64,000.00	\$576,000.00
3.6	AMP Stabilization Activities - Month 6	Monthly report of the AMP Stabilization activities	Month 6	\$640,000.00	\$64,000.00	\$576,000.00
3.7	AMP Stabilization Activities - Month 7	Monthly report of the AMP Stabilization activities	Month 7	\$640,000.00	\$64,000.00	\$576,000.00
3.8	AMP Stabilization Activities - Month 8	Monthly report of the AMP Stabilization activities	Month 8	\$640,000.00	\$64,000.00	\$576,000.00
3.9	AMP Stabilization Activities - Month 9	Monthly report of the AMP Stabilization activities	Month 9	\$530,000.00	\$53,000.00	\$477,000.00
3.10	AMP Stabilization Activities - Month 10	Monthly report of the AMP Stabilization activities	Month 10	\$441,100.00	\$44,110.00	\$396,990.00
3.11	AMP Stabilization Activities - Month 11	Monthly report of the AMP Stabilization activities	Month 11	\$530,000.00	\$53,000.00	\$477,000.00
3.12	AMP Stabilization Activities - Month 11	Monthly report of the AMP Stabilization activities	Month 12	\$55,000.00	\$5,500.00	\$49,500.00
5	Security Extensions Summary	Monthly Summary of Security Extension Activities and Accomplishments				

#	Deliverable Name	Deliverable Description	Expected Delivery Month	Value	10% hold back	Deliverable value
4.1	Security Extensions Summary - Month 1	Monthly Summary of Security Extension Activities and Accomplishments	Month 1 - November 2024	\$220,550.00	\$22,055.00	\$198,495.00
4.2	Security Extensions Summary - Month 2	Monthly Summary of Security Extension Activities and Accomplishments	Month 2	\$220,550.00	\$22,055.00	\$198,495.00
4.3	Security Extensions Summary - Month 3	Monthly Summary of Security Extension Activities and Accomplishments	Month 3	\$220,550.00	\$22,055.00	\$198,495.00
4.4	Security Extensions Summary - Month 4	Monthly Summary of Security Extension Activities and Accomplishments	Month 4	\$220,550.00	\$22,055.00	\$198,495.00
4.5	Security Extensions Summary - Month 5	Monthly Summary of Security Extension Activities and Accomplishments	Month 5	\$220,550.00	\$22,055.00	\$198,495.00
4.6	Security Extensions Summary - Month 6	Monthly Summary of Security Extension Activities and Accomplishments	Month 6	\$220,550.00	\$22,055.00	\$198,495.00
4.7	Security Extensions Summary - Month 7	Monthly Summary of Security Extension Activities and Accomplishments	Month 7	\$220,550.00	\$22,055.00	\$198,495.00
4.8	Security Extensions Summary - Month 8	Monthly Summary of Security Extension Activities and Accomplishments	Month 8	\$220,550.00	\$22,055.00	\$198,495.00
4.9	Security Extensions Summary - Month 9	Monthly Summary of Security Extension	Month 9	\$110,000.00	\$11,000.00	\$99,000.00

#	Deliverable Name	Deliverable Description	Expected Delivery Month	Value	10% hold back	Deliverable value
		Activities and Accomplishments				
4.10	Security Extensions Summary - Month 10	Monthly Summary of Security Extension Activities and Accomplishments	Month 10	\$110,000.00	\$11,000.00	\$99,000.00
5	OPA Replacement	OPA Replacement project				
5.1	OPA Replacement Approach report	A report that documents the required tasks, project plan and estimated level of effort to replace OPA with native JAVA code	Month 2	\$110,000.00	\$11,000.00	\$99,000.00
5.2	OPA Replacement Execution Report Month 2	Monthly Summary of OPA Summary activities and progress against the OPA Replacement Approach Plan	Month 2	\$300,000.00	\$30,000.00	\$270,000.00
5.3	OPA Replacement Execution Report Month 3	Monthly Summary of OPA Summary activities and progress against the OPA Replacement Approach Plan	Month 3	\$300,000.00	\$30,000.00	\$270,000.00
5.4	OPA Replacement Execution Report Month 4	Monthly Summary of OPA Summary activities and progress against the OPA Replacement Approach Plan	Month 4	\$300,000.00	\$30,000.00	\$270,000.00
5.5	OPA Replacement Execution Report Month 5	Monthly Summary of OPA Summary activities and progress against the OPA Replacement Approach Plan	Month 5	\$300,000.00	\$30,000.00	\$270,000.00

#	Deliverable Name	Deliverable Description	Expected Delivery Month	Value	10% hold back	Deliverable value
5.6	OPA Replacement Execution Report Month 6	Monthly Summary of OPA Summary activities and progress against the OPA Replacement Approach Plan	Month 6	\$300,000.00	\$30,000.00	\$270,000.00
5.7	OPA Replacement Execution Report Month 7	Monthly Summary of OPA Summary activities and progress against the OPA Replacement Approach Plan	Month 7	\$300,000.00	\$30,000.00	\$270,000.00
5.8	OPA Replacement Execution Report Month 8	Monthly Summary of OPA Summary activities and progress against the OPA Replacement Approach Plan	Month 8	\$300,000.00	\$30,000.00	\$270,000.00
5.9	OPA Replacement Execution Report Month 9	Monthly Summary of OPA Summary activities and progress against the OPA Replacement Approach Plan	Month 9	\$300,000.00	\$30,000.00	\$270,000.00
5.10	OPA Replacement Execution Report Month 10	Monthly Summary of OPA Summary activities and progress against the OPA Replacement Approach Plan	Month 10	\$300,000.00	\$30,000.00	\$270,000.00
5.11	OPA Replacement Execution Report Month 11	Monthly Summary of OPA Summary activities and progress against the OPA Replacement Approach Plan	Month 11	\$190,000.00	\$19,000.00	\$171,000.00
5.12	OPA Replacement Execution	Monthly Summary of OPA Summary activities and	Month 12	\$110,000.00	\$11,000.00	\$99,000.00

#	Deliverable Name	Deliverable Description	Expected Delivery Month	Value	10% hold back	Deliverable value
	Report Month 12	progress against the OPA Replacement Approach Plan, including the cutover execution report				
6.1	Knowledge Transfer (KT) Sessions	Report of the ten (10) KT sessions	Month 7	\$110,000.00	\$11,000.00	\$99,000.00
			Total	\$12,985,429.00	\$1,298,542.90	\$11,686,868.10

Draft - Needs Approval from Oracle Legal

COUNTY'S ADMINISTRATION

CONTRACT NO.

COUNTY'S PROJECT DIRECTOR:

Name: Scott Thornberry
Title: Assistant Assessor, Operations
Address: 500 West Temple Street, Room 320
Los Angeles, CA 90012
Telephone: 213-974-3101
E-mail Address: sthornberry@assessor.lacounty.gov

COUNTY'S PROJECT MANAGER:

Name: Kevin Lechner
Title: Assistant Chief Information Officer
Address: 500 West Temple Street, Room 295
Los Angeles, CA 90012
Telephone: 213-893-0905
E-mail Address: klechner@assessor.lacounty.gov

COUNTY'S PROJECT MONITOR:

Name: Andrew Yim
Title: Information Technology Manager II
Address: 500 West Temple Street, Room 295
Los Angeles, CA 90012
Telephone: 213-974-3367
E-mail Address: ayim@assessor.lacounty.gov

CONTRACTOR'S ADMINISTRATION

CONTRACTOR'S NAME: Oracle America

CONTRACT NO.

CONTRACTOR'S PROJECT MANAGER(S):

Name: Roger Wagstaff
 Title: AMP Program Director
 Address: Remote Worker
 Telephone: 604-418-8970
 E-mail Address: Roger.wagstaff@oracle.com

Name: David Ditton
 Title: AMSS Program Director
 Address: Remote Worker
 Telephone: 703-772-3812
 E-mail Address: David.ditton@oracle.com

Name: Kundaragundi Umashankar
 Title: Service Delivery Manager
 Address: Remote Worker
 Telephone: 678-429-9932
 E-mail Address: Kundaragundi.umashankar@oracle.com

CONTRACTOR'S AUTHORIZED OFFICIAL(S):

Name: Jim Crummer
 Title: Senior Manager
 Address: 1910 Oracle Way
 Reston, VA 20190
 Telephone: 703-364-4046
 E-mail Address: Jim.crummer@oracle.com

Name: Anthony Hernandez
 Title: Senior Director, North America
 Address: 613 NW Loop 410 Suite 10000
 San Antonio, TX 78216
 Telephone: 210-536-9478
 E-mail Address: Anthony.hernandez@oracle.com

NOTICES TO CONTRACTOR shall be sent to the following:

Name: Attention: General Counsel
 Title: Legal Department
 Address: 500 Oracle Parkway
 Redwood Shores, CA 94065
 Telephone: 650-506-7000

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.



BabySafeLA.org

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 Information Security and privacy requirements and procedures in this Exhibit are to be established and maintained throughout the term of the Agreement. These procedures are part of the Agreement between the Parties. Unless specifically defined in this Exhibit, capitalized terms shall have the meanings set forth in the Agreement.

1. **Security Policy.** Contractor will establish and maintain a formal, documented, mandated, company-wide information security program, including security policies, standards and procedures (collectively “**Information Security Policy**”). The Information Security Policy will be communicated to all Contractor Personnel and subcontractors in a relevant, accessible, and understandable form and will be regularly reviewed and evaluated to ensure its operational effectiveness, compliance with all applicable laws and regulations, and to address new threats and risks.
2. **Confidentiality.** Confidentiality and the handling of Confidential Information and Personal Data are addressed in Paragraph 12.0 of the Agreement.
3. **Subcontractors.** Confidentiality agreements for subcontractors are addressed in Sub-paragraph 8.8 of the Agreement.
4. **Background Checks.** Background checks are addressed in Sub-paragraph 11.5 of the Agreement.
5. **Contractor’s Use of County Information.** The Contractor may use County Data only in accordance with the requirements of the Agreement. The Contractor will collect, maintain, or use County Data only in accordance with the provisions of the Agreement, including without limitation Sections 12 and 16 of the Agreement.
6. **Removable Media.** Except in the context of Contractor’s routine back-ups or as otherwise specifically authorized by County in writing, Contractor will institute strict physical, logical, or administrative security controls designed to prevent transfer of Personally Identifiable Information to any form of unencrypted Removal Media. For purposes of this Exhibit, “Removable Media” means portable or removable hard disks, floppy disks, USB memory drives, zip disks, optical disks, CDs, DVDs, digital film, digital cameras, memory cards (e.g., Secure Digital (SD), Memory Sticks (MS), CompactFlash (CF), SmartMedia (SM), MultiMediaCard (MMC), and xD-Picture Card (xD)), magnetic tape, and all other removable data storage media.
7. **Data Encryption.** Data Encryption is addressed in Sub-paragraph 12.9 of the Agreement.
8. **Data Control; Media Disposal and Servicing.** Data Destruction is addressed in Section 12.8 of the Agreement.
9. **Access Control.** Contractor will implement formal procedures to control access to its systems, services, and data, including, but not limited to, user account management procedures and the follow controls:
 - a. As applicable network access to both internal and external networked services will be controlled, including, but not limited to, the use of properly configured firewalls;

- b. As applicable operating systems will be used to enforce access controls to computer resources including, but not limited to, authentication authorization and event logging;
- c. As applicable Oracle applications will include access control to limit user access to information and application system functions; and
- d. As applicable Contractor systems will be monitored to detect deviation from access control policies and identify suspicious activity. Contractor will record, review and act upon all events in accordance with the Security and Privacy Incidents provision set forth below.

10. Audits

County may audit Contractor's compliance with the terms of this Policy up to once per year. If a third party is to conduct the audit, the third party must be mutually agreed to by County and Contractor and must execute a written confidentiality agreement acceptable to Contractor before conducting the audit. To request an audit, County must submit a detailed audit plan at least two weeks in advance of the proposed audit date to Contractor's Corporation's Global Information Security organization ("GIS") describing the proposed scope, duration, and start date of the audit. Contractor will review the audit plan and provide County with any concerns or questions (for example, any request for information that could compromise Contractor security, privacy, employment or other relevant policies). Contractor will work cooperatively with County to agree on a final audit plan. If the requested audit scope is addressed in a SOC 1 or SOC 2 Type 2, ISO, NIST, PCI DSS, or similar audit report performed by a qualified third party auditor within the prior twelve months and Contractor confirms there are no known material changes in the controls audited, County agrees to accept those findings in lieu of requesting an audit of the controls covered by the report. The audit must be conducted during regular business hours at the applicable facility, subject to Contractor policies, and may not unreasonably interfere with Contractor business activities.

County will provide GIS any audit reports generated in connection with any audit under this section, unless prohibited by law. County may use the audit reports only for the purposes of meeting its regulatory audit requirements **and/or** confirming compliance with the requirements of the Agreement. The audit reports are Confidential Information of the parties under the terms of the Agreement.

Any audits are at County's expense. Any request for Contractor to provide assistance with an audit is considered a separate service if such audit assistance requires the use of resources different from or in addition to those required for the provision of the services. Contractor will seek the County's written approval and agreement to pay any related fees before performing such audit assistance.

11. Security and Privacy Incidents

In the event of a Personal Information Breach, the Contractor must:

Contractor will promptly notify (but in no event more than twenty-four (24) hours after the detection of a Security and Privacy Incident) the designated County security contacts set forth below by telephone and subsequently via written communication of any Security and Privacy Incidents.

The notice will include the approximate date and time of the occurrence and a summary of the relevant facts, including a description of measures being taken to address the occurrence.

County Chief Information Security Officer and Chief Privacy Officer email
[CISO-CPO Notify@lacounty.gov](mailto: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:

Vince Diep
Departmental Information Security Officer
500 W Temple, 3rd Floor
Los Angeles, CA 90012
(213) 974-3273
VDiep@assessor.lacounty.gov

12. **Software Source Code**

To facilitate the centralized management, reporting, collaboration, and continuity of access, a copy of the most current production version of software source code for the AMP Application will be version controlled, stored, and made available to the Contractor via a single industry-standard private GitLab repository, provided, managed, and supported by the County. Upon commencement of the agreement period, the Contractor will be granted access to the County's private GitLab repository. Contractor will make available to the County a current copy of all code artifacts constituting Joint IP under this Agreement via the County's private GitLab repository.

SOLE SOURCE CHECKLIST

Department Name: OFFICE OF THE ASSESSOR

- 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 checked="" 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 checked="" 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.

Rene' Phillips

Chief Executive Office

10/21/2024

Date

Justification:

The Assessor is responsible for locating and identifying ownership, establishing taxable value for all property subject to property taxation, completing assessment rolls showing the assessed values, and applying all legal exemptions to all taxable property in the County. Over the last several years, the Assessor has executed modernization efforts aimed at replacing its legacy system environment via the development of an integrated property assessment replacement system known as the Assessor Modernization Project (AMP). AMP will further enable the Assessor, other property tax departments and the public, the ability to access assessment data from the Assessor's data repository using a web based user interface. AMP is a five (5) phase agile software development project being co-developed with Oracle America, Inc. (Oracle). Each phase was heavily dependent on data structures, business rules, and system components established and developed in the preceding phases. The execution of AMP Phase V Agreement is required to complete the Assessor's legacy efforts with Oracle focusing on operational stability, knowledge transfer, and design and architecture for the Assessor's final major legacy systems including the IBM AS/400 (AS400) and the Possessory Interest Database Management System (PIDBMS).

As such, the Assessor plans to enter into a sole source contract with Oracle to complete the final phase of the legacy system replacement efforts. Phase V will provide software development and operational support for the successful delivery of the 2025 Roll, extensive knowledge transfer to support the Assessor's effort to become self-sustaining, security enhancements and architecture to replace the personal property legacy system. The duration of Phase V is anticipated to be twelve (12) months.

**SOLE SOURCE JUSTIFICATION
 AGREEMENT WITH ORACLE AMERICA, INC. (ORACLE)
 FOR
 PHASE V OF THE ASSESSOR MODERNIZATION PROJECT (AMP)**

Request	Requesting authorization for the Assessor to Execute a Sole Source Agreement with Oracle America, Inc. (Oracle) for Phase V of the Assessor Modernization Project (AMP)
Background	AMP is a five-phase agile development project that began in 2015 in using Oracle as the sole contractor. Three (3) of the phases have been successfully completed. Phase IV has already delivered major milestones and had a system cutover in August 2024. The Phase IV agreement is schedule to be completed by November 2024.
Justification	Phase V of AMP will be the final phase of the legacy system replacement efforts with Oracle. Phase V will focus on operations of the new system, and provide architecture and support for the Assessor to replace the final legacy systems.
Impact of Not Approving Sole Source	The execution of Phase V will ensure the Assessor continues to develop a modern assessment system to enhance its business operations and improve service delivery. In Phase V, the Assessor will use Oracle to enhance Oracle built functionality, ensure the successful delivery of the 2025 Assessment Roll, and provide final knowledge transfer of the system. Assessor, at the end of this phase, will take over full functional development of AMP to continue its legacy replacement efforts of surviving systems.
Cost	Total Cost: \$13,200,000
Cluster Agenda Review Date	October 30, 2024
Board Meeting Date	November 26, 2024

BOARD LETTER/MEMO CLUSTER FACT SHEET

 Board Letter

 Board Memo

 Other

CLUSTER AGENDA REVIEW DATE	10/30/2024	
BOARD MEETING DATE	11/26/2024	
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)	Department of Children and Family Service	
SUBJECT	17-month lease for 60,804 square feet of office space and 350 on-site parking spaces at 2325 Crenshaw Boulevard, Torrance, CA 90501	
PROGRAM	Torrance 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:	
SB 1439 SUPPLEMENTAL DECLARATION FORM REVIEW COMPLETED BY EXEC OFFICE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – Not Applicable	
DEADLINES/ TIME CONSTRAINTS	Current lease at 2325 Crenshaw Boulevard expired June 5, 2024 and is on month-to-month holdover.	
COST & FUNDING	Total cost: \$4,769,000 for initial term. If option is exercised, total cost will be \$5,965,000	Funding source: The rental costs will be funded by 45 percent State and Federal funds and 55 percent by net County cost (NCC)
	TERMS (if applicable): The proposed lease amendment will have an estimated maximum first year base rental cost of \$3,153,000 and with electricity, water, sewer, and gas costs the total annual lease costs will be \$3,365,000.	
	Explanation: Sufficient funding to cover the proposed rent for the first year of the proposed lease amendment term is included in the Fiscal Year 2024-25 Rent Expense budget and will be billed back to DCFS. DCFS has sufficient funding in its Fiscal Year 2024-25 Operating Budget to cover the proposed rent for the first year. Future funding for the costs associated with the proposed lease amendment will be addressed through the annual budget process for DCFS.	
PURPOSE OF REQUEST	Approval of the recommended actions will authorize and provide continued use of office space for DCFS.	
BACKGROUND (include internal/external issues that may exist including any related motions)	DCFS has occupied the Premises since August 1999 and the lease expired on June 5, 2024 with no holdover fee. The Landlord intends to redevelop the property into a 272-unit apartment building and DCFS proposes to relocate from the Premises to 3501 Sepulveda Boulevard, subject to Board approval on the same date of this Board letter. The proposed lease amendment is intended to be a short-term renewal to provide time for the tenant improvements to be completed at the proposed replacement property.	
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"

November 26, 2024

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:

**SEVENTEEN-MONTH LEASE AMENDMENT
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
2325 CRENSHAW BOULEVARD, TORRANCE
(FOURTH DISTRICT) (3 VOTES)**

SUBJECT

Approval of a proposed 17-month lease amendment to renew an existing lease to provide the Department of Children and Family Services (DCFS) continued use of 60,804 square feet of office space and 350 on-site parking spaces for the Torrance Regional Office.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease amendment is exempt from the California Environmental Quality Act (CEQA) for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to execute the proposed lease amendment with 194 East Second Street LLC, a New York limited liability company, as to an undivided 70%, and Torrance Del Amo I, LLC, a California limited liability company, as to an undivided 30%, as tenants-in-common (Landlord), for approximately 60,804 square feet of office space and 350 on-site parking spaces located at 2325 Crenshaw Boulevard, Torrance (Premises) to be occupied by DCFS. The estimated maximum first year base rental cost is \$3,153,000. The estimated total proposed lease amendment cost, including electricity, water, sewer, and gas costs is \$4,769,000 over the 17-month term. If the three-month option is exercised, the total proposed lease amendment costs will be \$5,965,000. The rental costs will be funded 45 percent by State and Federal

funds and 55 percent by net County cost (NCC) that is already included in DCFS' existing budget. DCFS will not be requesting additional NCC for this action.

3. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the proposed lease amendment, and to take actions necessary and appropriate to implement the proposed lease amendment
4. Authorize and direct the Chief Executive Officer, or her designee, to take actions necessary and appropriate to implement the terms of the proposed lease amendment, including, without limitation, exercising any option to extend at approximately \$327,700 per month for three months.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DCFS has occupied and used the Premises since August 1999 as its Torrance Regional Office. In February 2024, the then-landlord informed the County it would not renew the County lease because it was in escrow to sell the Premises to another entity. The then-landlord added that the buyer had plans to redevelop the entire property into a 272-unit apartment building and asked the County to vacate the Premises upon its lease expiration on June 5, 2024.

The County, which was already in the process of searching for a replacement property due to limited size at the Premises, accelerated its search and found a replacement site and commenced negotiations accordingly for the replacement property. In July 2024, escrow closed on the Premises and the new Landlord confirmed that he would not entertain a long-term lease with the County, however, he would allow DCFS to remain at the Premises until the anticipated demolition date for its new redevelopment project, scheduled to be August 2026. The proposed short-term lease amendment is for DCFS' continued occupancy at the site so DCFS can continue to provide essential services to the community while the terms of the lease at the replacement property are adopted by the Board and the construction of the tenant improvements can be completed and ready for DCFS' occupancy. Upon completion of construction and DCFS relocation to the replacement site, this proposed lease amendment will be terminated.

The Torrance Regional Office is one of 22 regional offices that provides a full-service child protection system dedicated to the safety and well-being of children in the South Bay region. Services provided include emergency response, family maintenance and reunification, and permanent placement children's social workers. The smaller programs and other County departments working in collaboration at this location with the Torrance Regional Office include, the Child and Family Team, Department of Mental Health/DCFS collaboration, for improving mental health and permanency outcomes for foster children, Coordinated Services Action Team, Department of Public Social Services Linkages, and contracted Education Liaisons.

DCFS has implemented telework where possible. There are 455 employees and 412 workstations at the Premises. On-site coverage is needed for services such as client interviews and supervised visitation. Children's social workers must be present daily. Additionally, DCFS requires secured space to access and maintain confidential files, which may not be removed from the office.

The proposed lease amendment will provide DCFS continued services and office space until construction at the proposed replacement property is completed, which is estimated to be summer 2026. The Premises is easily accessible to public transportation routes.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan North Star 1 – *“Make Investments That Transform Lives”* – provides that LA County is a highly responsive organization investing in solutions that address our most complex societal challenges (health, jobs, housing, food insecurity, and recidivism) affecting our most vulnerable communities – one person at a time.

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

The proposed lease amendment supports the above goals and objective by providing DCFS with an office to continue providing services to children and their families, located in the Torrance and surrounding areas.

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

FISCAL IMPACT/FINANCING

The estimated maximum first year base rental cost is \$3,153,000, which includes parking at no additional cost. The aggregate cost associated with the proposed lease amendment over the entire term, including electricity, water, sewer and gas costs is \$4,769,000, as shown in Enclosure B-1. The proposed lease amendment costs will be funded 45 percent by State and Federal funds and 55 percent by NCC that is already included in DCFS' existing budget. DCFS will not be requesting additional NCC for this action.

Sufficient funding to cover the proposed rent for the first year of the proposed lease amendment term is included in the Fiscal Year 2024-25 Rent Expense budget and will be billed back to DCFS. DCFS has sufficient funding in its Fiscal Year 2024-25 Operating Budget to cover the proposed rent for the first year. Future funding for the costs associated with the proposed lease amendment will be addressed through the annual budget process for DCFS.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

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

- Upon commencement of the proposed lease amendment, the annual rental rate will increase from \$28.20 per square foot, per year to \$51.84 per square foot, per year. Base rent is not subject to any annual increases.
- The Landlord is responsible for the operating and maintenance cost of the building, and the County is responsible for electricity, gas, water, and sewer costs. The County is not subject to the building's operating expense increases.
- There are 350 on-site parking spaces included in the base rent at no additional cost.
- A comparison of the existing lease and the proposed lease amendment terms is shown in Enclosure B-2.
- The County does not have the right to terminate the proposed lease early.
- The County has an option to renew for three months at approximately \$327,700 per month with 30 days prior notice. If all options are exercised, the total term of the proposed lease amendment would be 20 months.
- The proposed lease amendment will be effective upon approval by the Board and full execution of the proposed lease amendment.

The Chief Executive Office (CEO) issued a flyer soliciting proposals for available space from landlords, brokers, and other owner representatives, for this space need, through the Executive Office posting website and Real Estate's County website. None of the responses received were suitable for DCFS needs due to location and immediate availability. The CEO conducted a market search of available office space and toured three properties within the Torrance and Gardena area but was unable to identify any sites that could accommodate this requirement more economically on a short-term basis. 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 \$38.40 and \$49.20 per square foot, per year. The base annual rental rate of \$51.84 per square foot, per year for the proposed lease amendment represents a rate that is above the market range for the area. Relocation to a building that would require costly new tenant improvements for a temporary and short period of time is not practical and as such, we recommend the proposed Premises as the most suitable to meet the County's space requirements.

Co-working office space is not suitable for this requirement due to the nature of services provided by DCFS at this location.

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

The required notification letter to the City of Torrance has been sent in accordance with Government Code Section 25351.

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

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

ENVIRONMENTAL DOCUMENTATION

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

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.

The Honorable Board of Supervisors
November 26, 2024
Page 6

IMPACT ON CURRENT SERVICES (OR PROJECTS)

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

Respectfully submitted,

FESIA A. DAVENPORT
Chief Executive Officer

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

Enclosures

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

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
2325 CRENSHAW BOULEVARD, TORRANCE**

Asset Management Principles Compliance Form¹

1. <u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions? ²	X		
B	Does lease co-locate with other functions to better serve clients? ²	X		
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sq. ft. of space per person? ² Based on 455 staff there is 134 RSF per person due to the high number of staff at location.		X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ² Based on 350 spaces, parking ratio is 5.75/1000	X		
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²	X		
2. <u>Capital</u>				
A.	Is it a substantial net County cost (NCC) program?	X		
B	Is this a long-term County program?	X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space?			X
F	Is Building Description Report attached as Enclosure C?	X		
G	Was build-to-suit or capital project considered? ² County intends on renewing until relocation to the replacement site is completed, estimated to be summer 2026.		X	
3. <u>Portfolio Management</u>				
A	Did department use CEO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?		X	
D	Why was this program not co-located with other County departments?			
	1. ___ The program clientele requires a "stand alone" facility.			
	2. <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? ² County pays utilities.		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 adopted by the Board of Supervisors 11/17/98				
² If not, why not?				

OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS

2325 Crenshaw Boulevard, Torrance
Department of Children and Family Services

Basic Lease Assumptions

Leased Area (sq.ft.)	60,804	
Parking Spaces	350	
	Monthly	Annual
Rent (per sq. ft.)	\$4.32	\$51.84
Term (Months)	17	
Rent Abatement	None	
Annual Rent Adjustment	None	

	Year 1	Year 2 ⁽¹⁾	Total 17 month Rental Costs
Annual Base Rent Costs	\$3,153,000	\$1,314,000	\$4,467,000
Total Annual Lease Costs Paid to LL	\$3,153,000	\$1,314,000	\$4,467,000
Electricity Costs ⁽²⁾	\$189,000	\$79,000	\$268,000
Water and Sewer Costs ⁽²⁾	\$15,000	\$7,000	\$22,000
Gas Costs ⁽²⁾	\$8,000	\$4,000	\$12,000
Total Annual Lease Costs	\$3,365,000	\$1,404,000	\$4,769,000

Option Rent	Year 1 ⁽³⁾	Total 1 Year Rental Costs
Annual Base Rent⁽³⁾	\$984,000	\$984,000
Total Annual Lease Costs	\$984,000	\$984,000
Electricity Costs ⁽²⁾	\$189,000	\$189,000
Water and Sewer Costs ⁽²⁾	\$15,000	\$15,000
Gas Costs ⁽²⁾	\$8,000	\$8,000
Total Annual Lease Costs for Option Rent	\$1,196,000	\$1,196,000

E

Footnotes

(1) Year 2 is only for a 5-month period.

(2) County is responsible for costs. The costs shown above is based upon usage from fiscal year 23-24. All costs are an estimation and subject to change.

(2) Rent during 3-month option term is \$327,673.28 per month.

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

COMPARISON OF THE PROPOSED LEASE AMENDMENT TO EXISTING LEASE

	Existing Lease: 2325 Crenshaw Blvd	Proposed Lease Amendment: 2325 Crenshaw Blvd	Change
Area (Square Feet)	60,804 sq. ft.	60,804 sq. ft.	None
Term (years)	7 years	17 months	17 months
Annual Base Rent* (Base rent includes <u>350</u> parking spaces)	\$1,715,000	\$3,153,000	+\$1,438,000
Total Annual Lease Costs payable to Landlord*	\$1,715,000	\$3,153,000	+\$1,438,000
Rental rate adjustment	Annual CPI adjustments capped at 4 percent with a 2 percent minimum.	No rental adjustments	No rental adjustments

*All numbers are rounded up.

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SPACE SEARCH – 3 MILE RADIUS
2325 CRENSHAW BOULEVARD, TORRANCE**

LACO	Name	Address	Ownership Type	Gross Sq Ft	Vacant
A150	DMH - Wellness Center	21732 S Vermont Ave Suite 210, Torrance, CA 90502	Leased	10212	No
A414	DCFS - Torrance (SPA 8)	2325 Crenshaw Blvd, Torrance, CA 90501	Leased	59375	No
2063	Harbor - REI Administration Building N - 14	1124 W Carson St., Torrance, CA 90502	Owned	9400	No
A521	Harbor/UCLA Med Center - Family Medicine Clinic	1403 W Lomita Blvd, Harbor City, CA 90710	Leased	13775	No
A521	Harbor/UCLA Med Center - Family Medicine Clinic	1403 W Lomita Blvd, Harbor City, CA 90710	Leased	13775	No
11516	Harbor-D-5.5	1000 W Carson St., Torrance, CA 90502	Owned	6296	No
11519	Harbor-N-33	1000 W Carson St., Torrance, CA 90502	Owned	5274	No
10984	Harbor-D-3.5	1000 W Carson St., Torrance, CA 90502	Owned	8804	No
A655	Alternate Public Defender & Public Defender - Torrance Branch Offices	3655 Torrance Blvd, Torrance, CA 90503	Leased	8106	No
5177	Torrance Courthouse	825 Maple Ave, Torrance, CA 90503	CA State & LA County	11673	No
5177	Torrance Courthouse	825 Maple Ave, Torrance, CA 90503	CA State & LA County	140500	No
10439	Center for Resilient Children and Youth	21810 Normandie Ave, Torrance, CA 90562	Owned	23425	No

FACILITY LOCATION POLICY ANALYSIS

Proposed lease: Lease amendment for the Department of Children and Family Services – 2325 Crenshaw Boulevard, Torrance – Fourth District.

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

B. Determination of the Service Area – The proposed lease amendment will allow DCFS to continue services located within the South Bay region.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: The office provides convenient accessibility of services to clients in the South Bay region.
- 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., Torrance Transit lines 7 & 10.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing County buildings available to meet all of the DCFS needs.
- Compatibility with local land use plans: The City of Torrance has been notified of the proposed County use which is consistent with its use and zoning for office space at this location.

- Estimated acquisition/construction and ongoing operational costs: The aggregate cost associated with the proposed lease amendment over the entire term is \$4,769,000.

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 \$38.40 and \$49.20 per square foot, per year. The base annual rental rate of \$51.84 per square foot, per year for the proposed lease amendment represents a rate that is above the market range for the area. 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 amendment will provide adequate and efficient office space for 455 employees consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012.

**AMENDMENT NO. 3 TO LEASE NO. 72044
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

THIS AMENDMENT NO. 3 TO LEASE NO. 72044 ("Amendment" or "Amendment No. 3") is made and entered into as of this ___ day of _____, 2024, by and between **194 EAST SECOND STREET, LLC**, a New York limited liability company, and **TORRANCE DEL AMO I, LLC**, a California limited liability company ("**Lessor**"), and the **COUNTY OF LOS ANGELES**, a body corporate and politic ("**Lessee**").

RECITALS:

WHEREAS, on February 16, 1999, Lease No. 72044, (the "**Lease**") was entered into by and between Lessor's predecessor in interest 2325 P.D.A. LLC, a California limited company, and the Lessee, to lease approximately 60,804 rentable square feet of office space (the "**Premises**") in the building located at 2325 Crenshaw Blvd., Torrance, California (the "**Property**"), for a term of ten (10) years (the "**Initial Term**") from August 9, 1999, to August 8, 2009;

WHEREAS, Amendment No. 1 to Lease No. 72044 ("**First Amended Term**") was entered into on March 30, 2010, by and between Lessor's predecessor in interest 2325 P.D.A. LLC, a California limited company, and the Lessee, and the Lease was extended for a period of seven (7) years, from March 30, 2010 through March 29, 2017, subject to the conditions contained therein, and;

WHEREAS, Amendment No. 2 to Lease No. 72044 ("**Second Amended Term**") was made and entered into on June 6, 2017, by and between Lessor's predecessor in interest 2325 P.D.A. LLC, a California limited company, and the Lessee, and the Lease was extended for a period of eighty-four (84) months, from June 6, 2017 through June 5, 2024, subject to the conditions contained therein, and;

WHEREAS, on July 10, 2024, Lessor acquired title to the Property from 2325 P.D.A. LLC, a California limited company, and;

WHEREAS, Lessor, and Lessee now desire to further amend the Lease for the purpose of extending the term of the Lease and modifying certain other provisions of the Lease as set forth herein.

WHEREAS, pursuant to Paragraph 2, TERM, subparagraph A, Original Term, of the Lease, Lessee now desires to extend such Lease for an additional seventeen (17) months, and Lessor is in agreement with extending and amending the term pursuant to Paragraph 2 herein;

WHEREAS, Lessor and Lessee desire to amend Paragraph 3, RENT, to reflect the rent to be paid during the Extended Term of the Lease and thereafter;

WHEREAS, Lessor and Lessee desire to amend Paragraphs 5 and 6, CANCELLATION and HOLDOVER, respectively, to reflect the Cancellation and Holdover provisions for the Third Extended Term.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements hereinafter

contained, and are intended to be legally bound, Lessor and Lessee hereby covenant and agree to further amend Lease No. 72044 as follows:

1. **Defined Terms.** Lessor and Lessee hereby agree that all initial capitalized terms used in this Amendment shall have the same meaning given such terms in the Lease unless otherwise defined in this Amendment.

2. **Extension of Term.** The term of the Lease is renewed for seventeen (17) months, ("**Third Extended Term**"), subject to all of the terms, covenants, and conditions contained in the Lease, except as set out in this Amendment.

3. **Amendment of Lease.** The Lease is amended as of the date hereof (the "**Effective Date**"), unless another date is expressly provided, as follows:

3.1 Paragraph 2, TERM is hereby amended by adding a new Subsection E, as follows:

E. Third Extended Term: Lessee desires to extend the Term of the Lease and Lessor is in agreement with Lessee extending said Lease. As such, the Third Extended Term of the Lease shall be for a period of seventeen (17) months commencing the first day of the month following full execution of Amendment No. 3 by the Board of Supervisors (the "**Third Extended Term Commencement Date**"), and ending seventeen (17) months thereafter.

3.2 Paragraph 2, TERM is hereby amended by adding a new Subsection F, as follows:

F. Option to Renew: Lessee shall have the option to renew this Lease for a period of three (3) months (the "Option Term") under the same terms and conditions except that the rental rate for the Option Term shall be \$327,673.28 per month. Lessee, by Chief Executive Office letter, shall notify Lessor in writing not less than thirty (30) days prior to expiration of the Third Extended Term of Lessee's election to exercise its option.

3.3 Paragraph 3, RENT, is hereby amended by removing Subsection D, and replacing it with the following new Subsection D, as follows:

D. Third Extended Term Rent. "**Base Rent**" is hereby defined as the monthly amount to be paid by Lessee to Lessor each month as basic rent for the Premises. Commencing on the Third Extended Term Commencement Date, Lessee agrees to pay as Base Rent for said Premises the sum of TWO HUNDRED SIXTY TWO THOUSAND, SIX HUNDRED SEVENTY THREE AND 28/100 DOLLARS (\$262,673.28) per month, i.e. \$4.32 per square foot per month (the "**Initial Monthly Base Rent**"), within 15 days after a claim therefor for each such month has been filed by Lessor with the Auditor of the County of Los Angeles prior to the first day of each month. Base Rent for any partial month shall be prorated in proportion to the number of days in such month.

1.3 Paragraph 5, CANCELLATION. Is hereby deleted in its entirety, and there shall be no right to cancel during the Third Extended Term.

4. Original Lease in Full Force. Notwithstanding anything to the contrary herein, all of the terms and conditions contained in the Lease which are not modified by this Amendment shall remain in full force and effect. In the event of a conflict between the Lease and this Amendment, the terms of this Amendment shall control.

5. Brokers. Lessor and Lessee 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 Amendment other than Cresa (the "Tenant's Agent") and Colliers ("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 Lessor and Lessee's Agent.

6. Ratification. Except as amended by the provisions of this Amendment No. 3, the terms and provisions of the Lease remain in full force and effect. Lessee and Lessor ratify and affirm the Lease, as amended by this Amendment No. 3.

7. Choice of Law. The terms and provisions of this Amendment No. 3 shall be construed in accordance with, and governed by, the laws of the State of California without application of any choice of laws provisions.

8. Entire Agreement and Modification. The Lease as modified by this Amendment No. 3 constitutes the final, complete and exclusive statement of the terms of the agreement of Lessee and Lessor, and is binding on and inures to the benefit of the respective heirs, representatives, successors and assigns of Lessee and Lessor. This Amendment No. 3 shall be deemed to be incorporated into the Lease and made a part thereof. All references to the Lease in any other document shall be deemed to refer to the Lease as modified by this Amendment No. 3. Except as modified by this Amendment No. 3, all of the terms and conditions of the Lease shall remain in full force and effect. In the event that the terms of this Amendment No. 3 conflict with the terms of the Lease and its schedules, the terms of this Amendment No. 3 shall control. Neither Lessee nor Lessor has been induced to enter in to this Amendment No. 3 by, nor is Lessee or Lessor relying upon, any representation or warranty other than those set forth in this Amendment No. 3. Any agreement made after the date of this Amendment No. 3 shall be ineffective to amend this Amendment No. 3, in whole or in part, unless such agreement is in writing, is signed by Lessee and Lessor, and specifically states that the agreement amends or modifies this Amendment No. 3 (or the Lease, as amended by this Amendment No. 3).

9. Partial Invalidity. If any term, covenant or provision of this Amendment No. 3 is, to any extent, held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Amendment No. 3, or the application of that term, covenant or provision to persons or circumstances other than those as to which it is held to be invalid or unenforceable, will not be affected by such invalidity or unenforceability, and all other terms, covenants and conditions of this Amendment No. 3 will be valid and enforceable to the fullest extent permitted by law.

10. Counterparts. This Amendment No. 3 may be executed in separate counterparts, each of which shall constitute an original and all of which together shall constitute one and the same document. The parties contemplate that they may be executing counterparts of this Amendment No. 3 transmitted by facsimile or email in PDF format and agree and intend that a

signature by either facsimile machine or email in PDF format shall bind the party so signing with the same effect as though the signature were an original signature.

(Signatures on Next Page)

IN WITNESS WHEREOF, the Lessor has executed this Amendment or caused it to be duly executed, and the County of Los Angeles, by order of its Board of Supervisors, has caused this Amendment to be executed on its behalf by the Chairman of said Board and attested to by the Clerk thereof the day, month, and year first above written.

"LESSOR"

TORRANCE DEL AMO I, LLC, a California limited liability company

By: [Signature]
Name: Therese Wulf
Its: Manager

194 EAST SECOND STREET, LLC, a New York limited liability company

By: [Signature]
Name: Therese Wulf
Its: Manager

"LESSEE"

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: [Signature]
Senior Deputy

BOARD LETTER/MEMO CLUSTER FACT SHEET

 Board Letter

 Board Memo

 Other

CLUSTER AGENDA REVIEW DATE	10/30/2024	
BOARD MEETING DATE	11/26/2024	
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)	Department of Children and Family Services	
SUBJECT	Ten-year six-month lease for 69,222 square feet of office space and 360 on-site parking spaces at 3501 Sepulveda Boulevard, Torrance, CA 90505	
PROGRAM	Torrance 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	
SB 1439 SUPPLEMENTAL DECLARATION FORM REVIEW COMPLETED BY EXEC OFFICE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – Not Applicable	
DEADLINES/ TIME CONSTRAINTS		
COST & FUNDING	Total cost: \$46,207,000	Funding source: The rental costs will be funded by 45 percent State and Federal funds and 55 percent by net County cost (NCC)
	TERMS (if applicable): The proposed lease will have an estimated maximum first year base rental cost is \$2,659,000, but with a six-month rent abatement of \$1,330,000, will equal \$1,329,000, where the landlord will be responsible for all operating expenses, including utilities, janitorial, repair and maintenance to the building. If including TI and low-voltage costs, total 1 st year cost is \$4,358,000.	
	Explanation: The TIs for the proposed lease are expected to be completed in Fiscal Year 2025-26. Future funding for the costs associated with the proposed lease will be addressed through the annual budget process for DCFS.	
PURPOSE OF REQUEST	Approval of the recommended actions will authorize and provide use of office space for DCFS.	
BACKGROUND (include internal/external issues that may exist including any related motions)	The proposed lease at the Premises will serve as a replacement site for DCFS' existing location at 2325 Crenshaw Blvd, Torrance which will be redeveloped into an apartment building. DCFS uses this site for its Torrance Regional Office. Upon completion of the TIs and relocation of the program from the existing site, County will terminate this existing lease.	
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"

November 26, 2024

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

Dear Supervisors:

**TEN-YEAR SIX-MONTH LEASE
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
3501 SEPULVEDA BOULEVARD, TORRANCE
(FOURTH DISTRICT) (3 VOTES)**

SUBJECT

Approval of a proposed new ten-year six-month-lease for 69,222 square feet of office space, and 360 on-site parking spaces for the Department of Children and Family Services (DCFS), Torrance Regional Office.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease is exempt from the California Environmental Quality Act (CEQA) for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to execute the proposed lease with WCCP DEL AMO LLC, a California limited liability company (Landlord), for approximately 69,222 square feet of office space, and 360 on-site parking spaces located at 3501 Sepulveda Boulevard, Torrance (Premises) to be occupied by DCFS. This proposes a lease for a term of more than ten years, to wit, for a term of ten-years and six-months. The estimated maximum first year base rental cost is \$2,659,000, but with a six-month rent abatement of approximately \$1,330,000, will equal \$1,329,000. The estimated total proposed lease costs including tenant improvement costs and low voltage costs is \$46,207,000 over the ten-year six-month term. The rental costs will be funded by 45 percent State and Federal funds and 55 percent by net County cost (NCC) that is already included in DCFS' existing budget. DCFS will not be requesting additional NCC for this action.

3. Authorize the Chief Executive Officer, or her designee, to reimburse the Landlord up to \$5,884,000 for the County's Tenant Improvement (TI) contribution, if paid in a lump sum or \$7,160,000 if amortized over five years at 8 percent interest per annum.
4. Authorize the Director of DCFS to contract with and direct the Internal Services Department 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 \$6,562,000 if paid in a lump sum or \$7,985,000 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.
5. 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 proposed lease, including, without limitation, exercising any early termination rights, options to extend with annual Consumer Price Index increases capped at 3 percent.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DCFS has occupied and used 2325 Crenshaw Boulevard, Torrance (2325 Crenshaw) since August 1999 as its Torrance Regional Office. In February 2024, the then-landlord informed the County it would not renew the County lease because it was in escrow to sell 2325 Crenshaw to another entity. The then-landlord added that the buyer had plans to redevelop the entire property into a 272-unit apartment building and asked the County to vacate the building upon its lease expiration on June 5, 2024.

The County, which was already in the process of searching for a replacement property because 2325 Crenshaw was too small for its current operations, accelerated its search and found the proposed Premises. In July 2024, 2325 Crenshaw was sold to a new Landlord who confirmed that he would not entertain a long-term lease with the County, however, he would allow DCFS to remain at 2325 Crenshaw until the anticipated demolition date for its new redevelopment project, scheduled to be August 2026. The County intends to enter into a short-term lease amendment at 2325 Crenshaw so that DCFS can continue to provide essential services to the community while the construction of the TIs at the proposed Premises can be completed and are ready for DCFS' occupancy. This amendment will be presented to the Board after negotiations are complete. Once DCFS relocates to the proposed Premises, DCFS will terminate the lease at 2325 Crenshaw.

The proposed Premises is 69,222 square feet, which is an increase of 8,418 square feet when compared to 2325 Crenshaw. The increase in size is necessary due to the zip code realignment which added 43 employees and made 2325 Crenshaw too small for DCFS'

continued occupancy. The proposed Premises will be a replacement site for DCFS' Torrance Regional Office.

The Torrance Regional Office is one of 22 regional offices that provides a full-service child protection system dedicated to the safety and well-being of children in the South Bay region. Services provided include emergency response, family maintenance and reunification, and permanent placement children's social workers. The smaller programs and other County departments working in collaboration at this location with Torrance Regional Office include the Child and Family Team, Department of Mental Health/DCFS collaboration for improving mental health and permanency outcomes for foster children, Coordinated Services Action Team, Department of Public Social Services Linkages, and contracted Education Liaisons.

DCFS has implemented telework where possible. There are 455 employees and 386 workstations at the Premises. On-site coverage is needed for services such as client interviews and supervised visitation. Children's social workers must be present daily. Additionally, DCFS requires secured space to access and maintain confidential files, which may not be removed from the office.

The proposed lease will provide DCFS with sufficient and conveniently located office space, where children in the foster care system can visit with their parents and siblings in a safe and supervised setting. The facility is easily accessible to public transportation routes.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan North Star 1 – *"Make Investments That Transform Lives"* – provides that LA County is a highly responsive organization investing in solutions that address our most complex societal challenges (health, jobs, housing, food insecurity, and recidivism) affecting our most vulnerable communities – one person at a time.

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

The proposed lease supports the above goals and objective by providing DCFS with a regional office to continue to provide services to children and their families, located in the Torrance and surrounding areas.

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

FISCAL IMPACT/FINANCING

The estimated maximum first year base rental cost is \$2,659,000 which includes parking at no additional cost. The aggregate cost associated with the proposed lease over the initial term, including rent abatement, tenant improvements costs, and Low-Voltage Items is \$46,207,000 as shown in Enclosure B. If all options are exercised, the total proposed lease costs will be \$65,745,000. The proposed lease costs will be funded by 45 percent State and Federal funds and 55 percent by NCC that is already included in DCFS' existing budget. DCFS will not be requesting additional NCC for this action.

The TIs for the proposed lease are expected to be completed in Fiscal Year 2025-26. Future funding for the costs associated with the proposed lease will be addressed through the annual budget process for DCFS.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

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

- The annual rental rate will be \$38.40 per square foot, per year and is subject to annual increases based on the fixed annual increases of three percent.
- The Landlord has agreed to six months of rent abatement. DCFS has the option to convert all or any portion of its rental abatement towards an increase in the base TI allowance.
- Total TI costs are expected to be \$12,807,000. The Landlord will provide approximately \$6,922,000 (\$100 per square foot) base TI allowance.
- The County will reimburse the Landlord up to \$5,884,000 (\$85 per square foot) as the County's lump sum TI contribution. If the Landlord advances the County's TI contribution, this amount will be amortized over five years with interest at 8 percent for a fully amortized amount not to exceed \$7,160,000.
- The County will pay \$6,562,000 for the lump sum cost of the Low-Voltage Items. If DCFS elects to pay in installments, this amount will be amortized over five years with interest at 8 percent for a fully amortized amount not to exceed \$7,985,000.
- The Landlord is responsible for all operating and maintenance cost of the building and all utilities and janitorial costs. The County has no responsibility for any operating and maintenance costs.
- There are 360 on-site parking spaces included in the base rent at no additional cost.

- The County is responsible for afterhours heating, ventilation, and air conditioning (HVAC) usage currently at \$75 per hour and the cost of HVAC usage to the mechanical rooms housing the County’s computer servers and related equipment which will be separately metered.
- The proposed lease is for a ten-year six-month initial term with an option to extend the lease for an additional five years with nine months’ notice before expiration of the initial term, where base rent during the option term will increase by Consumer Price Index adjustments capped at 3 percent per annum. If all options are exercised, the total term of the proposed lease would be 15 years and six-months.
- The County has the right to terminate the proposed lease any time after 60 months, with nine months’ notice subject to payment of (i) any unamortized portion of the Landlord’s TI allowance and (ii) all abated rent, which in total will not exceed \$5,010,000.
- Holdover at the proposed lease expiration is subject to the existing terms and conditions of the lease for the initial six months of holdover. Thereafter the rent shall increase by 10 percent. In the event the County renews the lease, the Landlord shall reimburse the County any holdover paid by the County as a credit against rent at the start of the new lease.
- The proposed lease will be effective upon approval by the Board and full execution of the proposed lease, but the term and rent will commence 30 days after completion of the TIs by the Landlord and acceptance of the Premises by the County.
- The County shall have Right of First Offer to lease any available space in the building.

The Chief Executive Office (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. No responses were received. 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 \$40.80 and \$48 per square foot, per year. The base annual rental rate of \$38.40 per square foot, per year for the proposed lease represents a rate that is below the market range for the area. We were unable to identify any sites that could accommodate this requirement more economically. We recommend the Premises as the most suitable to meet the County’s space requirements.

Co-working office space is not suitable for this requirement due to the nature of services provided by DCFS at this location.

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 found the facility 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 Torrance has been sent in accordance with Government Code Section 25351.

County Counsel has reviewed the proposed lease and has approved it as to form. The 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 a suitable office location for DCFS' Torrance Regional Office, which is consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012, as outlined in Enclosure D.

ENVIRONMENTAL DOCUMENTATION

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

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

IMPACT ON CURRENT SERVICES (OR PROJECTS)

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

Respectfully submitted,

FESIA A. DAVENPORT
Chief Executive Officer

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

Enclosures

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

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
3501 SEPULVEDA BOULEVARD, TORRANCE**

Asset Management Principles Compliance Form¹

1. <u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions? ²	X		
B	Does lease co-locate with other functions to better serve clients? ²	X		
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sq. ft. of space per person? ² Based on 455 staff it is 152 RSF per person due to the high employee count at this location.		X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ² Parking ratio is 5.2/1,000	X		
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²	X		
2. <u>Capital</u>				
A	Is it a substantial net County cost (NCC) program?	X		
B	Is this a long-term County program?	X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space?			X
F	Is Building Description Report enclosed as Enclosure C?	X		
G	Was build-to-suit or capital project considered? ²			X
3. <u>Portfolio Management</u>				
A	Did department use 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? ²	X		
F	Has growth projection been considered in space request?	X		
G	¹ Has the Dept. of Public Works completed seismic review/approval?	X		
¹ As approved by the Board of Supervisors 11/17/98				
² If not, why not?				

OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS

3501 Sepulveda Boulevard, Torrance
Department of Children and Family Services

Basic Lease Assumptions

Leased Area (sq.ft.)	69,222
	Monthly Annual
Base Rent	\$320 \$38.40
Rent Abatement (Months)	6
Term	10 years and 6 months
Annual Rent Adjustment (Initial Term)	3%
	# of Spaces
Parking	360
	Annual Amortized
	Interest Rate Cost @ 8% IR, 5
Tenant Improvement Costs (Reimbursable)	Lump Sum (IR) Yrs. Difference
	\$5,883,870 8% \$7,158,220 \$1,274,350
	Annual Amortized
	Interest Rate Cost @ 8% IR, 5
Low Voltage Costs (TESMA Labor & Materials)	Lump Sum (IR) Yrs. Difference
	\$ 6,562,000 8% \$7,983,222 \$1,421,222

	1 st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year	11th Year	Total 10 Years Rental Costs
Annual Base Rent Costs	\$2,659,000	\$2,739,000	\$2,822,000	\$2,907,000	\$2,995,000	\$3,085,000	\$3,178,000	\$3,274,000	\$3,373,000	\$3,573,000	\$1,787,000	\$32,392,000
Rent Abatement ⁽¹⁾	(\$1,330,000)											(\$1,330,000)
Rent Paid to Landlord	\$1,329,000	\$2,739,000	\$2,822,000	\$2,907,000	\$2,995,000	\$3,085,000	\$3,178,000	\$3,274,000	\$3,373,000	\$3,573,000	\$1,787,000	\$31,062,000
TI Allowance (Reimbursable)	\$1,432,000	\$1,432,000	\$1,432,000	\$1,432,000	\$1,432,000							\$7,160,000
Total Costs Paid to Landlord	\$2,761,000	\$4,171,000	\$4,254,000	\$4,339,000	\$4,427,000	\$3,085,000	\$3,178,000	\$3,274,000	\$3,373,000	\$3,573,000	\$1,787,000	\$38,222,000
Low Voltage Costs	\$1,597,000	\$1,597,000	\$1,597,000	\$1,597,000	\$1,597,000							\$7,985,000
Total Annual Lease Costs	\$4,358,000	\$5,768,000	\$5,851,000	\$5,936,000	\$6,024,000	\$3,085,000	\$3,178,000	\$3,274,000	\$3,373,000	\$3,573,000	\$1,787,000	\$46,207,000

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SPACE SEARCH – 3 MILE RADIUS
3501 SEPULVEDA BOULEVARD, TORRANCE**

LACO	Name	Address	Ownership Type	Gross Sq Ft	Vacant
A150	DMH - Wellness Center	21732 S Vermont Ave Suite 210, Torrance, CA 90502	Leased	10212	No
A414	DCFS - Torrance (SPA 8)	2325 Crenshaw Blvd, Torrance, CA 90501	Leased	59375	No
2063	Harbor - REI Administration Building N - 14	1124 W Carson St., Torrance, CA 90502	Owned	9400	No
A521	Harbor/UCLA Med Center - Family Medicine Clinic	1403 W Lomita Blvd, Harbor City, CA 90710	Leased	13775	No
A521	Harbor/UCLA Med Center - Family Medicine Clinic	1403 W Lomita Blvd, Harbor City, CA 90710	Leased	13775	No
11516	Harbor-D-5.5	1000 W Carson St., Torrance, CA 90502	Owned	6296	No
11519	Harbor-N-33	1000 W Carson St., Torrance, CA 90502	Owned	5274	No
10984	Harbor-D-3.5	1000 W Carson St., Torrance, CA 90502	Owned	8804	No
A655	Alternate Public Defender & Public Defender - Torrance Branch Offices	3655 Torrance Blvd, Torrance, CA 90503	Leased	8106	No
5177	Torrance Courthouse	825 Maple Ave, Torrance, CA 90503	CA State & LA County	11673	No
5177	Torrance Courthouse	825 Maple Ave, Torrance, CA 90503	CA State & LA County	140500	No
10439	Center for Resilient Children and Youth	21810 Normandie Ave, Torrance, CA 90562	Owned	23425	No

FACILITY LOCATION POLICY ANALYSIS

Proposed lease: Lease for the Department of Children and Family Services – 3501 Sepulveda Boulevard, Torrance – Fourth District.

A. Establish Service Function Category – Torrance Regional Office

B. Determination of the Service Area – The proposed lease will allow DCFS to continue services located within the South Bay region.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: Community need for services in the South Bay region.
- 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 Bus line 344, Torrance Transit lines 2, 3, 6, 7, and 9.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing County buildings available to meet all of the DCFS needs.
- Compatibility with local land use plans: The City of Torrance 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 \$46,207,000.

D. Analyze results and identify location alternatives

The Chief Executive Office (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. There were no responses received. 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 \$40.80 and \$48 per square foot, per year. The base annual rental rate of \$38.40 per square foot, per year for the proposed lease represents a rate that is below the market range for the area. We were unable to identify any sites that could accommodate this requirement more economically.

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 455 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

WCCP DEL AMO LLC – Landlord

3501 SEPULVEDA BOULEVARD

PARTIAL 1ST, PARTIAL 2ND, AND 4TH AND 5TH FLOORS

TORRANCE, CALIFORNIA

TABLE OF CONTENTS

	Page
1. BASIC LEASE INFORMATION	1
1.1 Terms.....	1
1.2 Defined Terms Relating to Landlord's Work Letter	3
1.3 Exhibits to Lease	4
2. PREMISES	4
2.1 Lease of Premises	4
2.2 Measurement of Premises	4
3. COMMON AREAS.....	5
4. COMMENCEMENT AND EXPIRATION DATES	5
4.1 Term	5
4.2 Termination Right	6
4.3 Early Entry	6
4.4 Early Termination.....	6
4.5 Intentionally Omitted	6
5. RENT AND REPAYMENT OF TENANT'S TI CONTRIBUTION	6
5.1 Base Rent.....	6
5.2 Method of Payment and Required Information	7
5.3 Rent Abatement.....	7
5.4 Base Rent Adjustments	7
6. USES.....	8
7. HOLDOVER	8
8. COMPLIANCE WITH LAW	8
9. DAMAGE OR DESTRUCTION.....	9
9.1 Damage	9
9.2 Tenant Termination Right	9
9.3 Damage In Last Year	10
9.4 Default By Landlord	10
10. REPAIRS AND MAINTENANCE	10
10.1 Landlord Representations.....	10
10.2 Landlord Obligations	12
10.3 Tenant Obligations.....	13
10.4 Tenant's Right to Repair	13
11. SERVICES AND UTILITIES	14
11.1 Services	14
11.2 Utilities	16
12. TAXES.....	16
13. LANDLORD ACCESS	16
14. TENANT DEFAULT	16
14.1 Default	16
14.2 Termination.....	17
14.3 No Effect on Indemnity.....	17
15. LANDLORD DEFAULT	17
15.1 Remedies.....	17
15.2 Waiver.....	18

15.3	Emergency.....	18
16.	ASSIGNMENT AND SUBLETTING.....	18
16.1	Assignment and Subletting.....	18
16.2	Sale.....	19
17.	ALTERATIONS AND ADDITIONS.....	20
17.1	Landlord Consent.....	20
17.2	End of Term.....	20
18.	CONDEMNATION.....	20
18.1	Controlling Terms.....	20
18.2	Total Taking.....	20
18.3	Partial Taking.....	21
18.4	Restoration.....	21
18.5	Award.....	21
18.6	Waiver of Statute.....	21
19.	INDEMNIFICATION.....	22
19.1	Landlord's Indemnity.....	22
19.2	Tenant's Indemnity.....	22
20.	INSURANCE.....	22
20.1	Waiver.....	22
20.2	General Insurance Provisions – Landlord Requirements.....	22
20.3	Insurance Coverage Types And Limits.....	26
20.4	Landlord Requirements.....	26
21.	PARKING.....	27
21.1	Tenant's Rights.....	27
21.2	Remedies.....	27
22.	ENVIRONMENTAL MATTERS.....	28
22.1	Hazardous Materials.....	28
22.2	Landlord Indemnity.....	28
23.	ESTOPPEL CERTIFICATES.....	29
24.	TENANT IMPROVEMENTS.....	29
25.	LIENS.....	29
26.	SUBORDINATION AND MORTGAGES.....	29
26.1	Subordination and Non-Disturbance.....	29
26.2	Existing Deeds of Trust.....	29
26.3	Notice of Default.....	29
27.	SURRENDER OF POSSESSION.....	30
28.	SIGNAGE.....	30
29.	QUIET ENJOYMENT.....	30
30.	GENERAL.....	30
30.1	Headings.....	30
30.2	Successors and Assigns.....	30
30.3	Brokers.....	30
30.4	Entire Agreement.....	31
30.5	Severability.....	31
30.6	Notices.....	31
30.7	Governing Law and Venue.....	31

30.8	Waivers.....	32
30.9	Time of Essence	32
30.10	Consent	32
30.11	Community Business Enterprises	32
30.12	Memorandum of Lease	32
30.13	Counterparts; Electronic Signatures	32
31.	AUTHORITY	33
32.	ACKNOWLEDGEMENT BY LANDLORD	33
32.1	Consideration of GAIN Program Participants.....	33
32.2	Solicitation of Consideration	34
32.3	Landlord Assignment	34
32.4	Smoking in County Facilities.....	35
33.	IRREVOCABLE OFFER	36
34.	OPTION TO EXTEND	36
35.	RIGHT OF FIRST OFFER TO LEASE ADDITIONAL PREMISES.....	37
36.	GROUND LEASE	38

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 – Parking Areas

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is entered into as of the _____ day of _____, 20__ between WCCP Del Amo, LLC, a California limited liability company ("Landlord"), and COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant" or "County").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION

1.1 Terms

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

<p>(a) Landlord's Address for Notices:</p>	<p>WCCP DEL AMO LLC 25500 Hawthorne Blvd., Suite 2250 Torrance, CA 90505 Attention: Scott Douglas and Mike Rosa Email: sdouglas@westcoastcap.com and mrosa@westcoastcap.com</p> <p>With a copy to:</p> <p>BLANK ROME 2029 Century Park East, 6th Floor Los Angeles, CA 90067 Attention: Gregory M. Bordo, Esq. and Jamie Garelick, Esq. Email: greg.bordo@blankrome.com and Jamie.garelick@blankrome.com</p>
<p>(b) Tenant's Address for Notices:</p>	<p>County of Los Angeles Chief Executive Office - Real Estate Division 320 West Temple Street, 7th Floor Los Angeles, CA 90012 Attention: Director of Real Estate</p> <p>With a copy to:</p> <p>County of Los Angeles Office of the County Counsel 648 Kenneth Hahn Hall of Administration 500 West Temple Street, Suite 648 Los Angeles, CA 90012-2713 Attention: Property Division</p>

(c) Premises:	Approximately 69,222 rentable square feet, comprised of 23,209 RSF on the fifth (5th) floor; 23,209 RSF on the fourth (4th) floor; 5,750 RSF on the second (2nd) floor, and approximately 17,054 RSF on the first (1st) floor, in the Building (defined below), as shown on <u>Exhibit A</u> attached hereto.
(d) Building:	The Building located at 3501 Sepulveda Boulevard, Torrance, California, which is currently assessed by the County Assessor as APN 7366-019-132 (collectively, the "Property");
(e) Term:	One hundred and twenty-six (126) months, commencing thirty (30) days after the date of Tenant's Acceptance of the Premises, as defined in Section 4.1 (the "Commencement Date"), and terminating at midnight on the day before the one hundred and twenty-seventh (127 th) month (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.
(f) Estimated Commencement Date:	May 1, 2026.
(g) Irrevocable Offer Expiration Date: (see Section 33)	October 31, 2024
(h) Base Rent:	<p>\$3.20 per rentable square foot per month</p> <p>(i.e., \$221,510.40 per month or \$2,658,124.80 per year)</p> <p>Months one (1) through (6) of the initial Term shall be abated as set forth in Section 5.2</p> <p>Base Rent shall be subject to increase as set forth in Section 5.3.</p>
(i) Early Termination (see Section 4.4)	One-time right to terminate at the end of the 60th month following the Commencement Date of the Lease by delivering written notice of such election to Landlord no later than nine (9) months prior to such date and paying the amount set forth in Section 4.4.

(j)	Rentable Square Feet in the Premises:	69,222 rentable square feet
(k)	Initial Departmental Use:	Department of Children and Family Services, Administrative office for children and family support services and, for any other lawful use, subject to Section 6.
(l)	Parking Spaces:	360 unreserved spaces at no additional cost to Tenant
(m)	Tenant's Hours of Operation:	8 a.m. to 6 p.m. Monday through Friday, and 9 a.m. to 1 p.m. on Saturdays
(n)	Asbestos Report:	A report dated July 21, 2023 prepared by Environmental Monitoring Group, a licensed California Asbestos contractor.
(o)	Seismic Report	A report dated August 2, 2023 prepared by Saiful/Bouquet Inc (SBI).
(p)	Disabled Access Survey	Not available.

1.2 Defined Terms Relating to Landlord's Work Letter

(a)	Landlord's TI Allowance:	\$6,922,200 (\$100 per rentable square foot)
(b)	Tenant's TI Contribution:	\$5,883,870 (\$85 per rentable square foot)
(c)	Tenant's TI Contribution Amortization Rate and Change Authorization Amortization Rate:	Fixed eight percent (8%) per annum for five (5) years. As used herein, the actual monthly amount payable by Tenant attributable to Tenant's TI Contribution is referred to herein as the "Monthly TI Repayment Amount".
(d)	Estimated Monthly TI Repayment Amount, based on 100% of Tenant's TI Contribution (as set	\$119,303.67 per month for the first sixty (60) full calendar months of the Term. Such amount shall be adjusted based on the percentage of Tenant's TI Contribution actually spent and based on any increase in Tenant's TI Contribution in accordance with Section 5.2 of this Lease.

	forth in Section 1.2(b) above) being spent	
(e)	Tenant's Work Letter Representative:	Edgar Pejoro, or an assigned staff person of the Chief Executive Office, Real Estate Division.
(f)	Landlord's Work Letter Representative:	Scott Douglas, or an assigned person on behalf of WCCP DEL AMO, LLC.
(g)	Landlord's Address for Work Letter Notices:	WCCP DEL AMO, LLC 25500 Hawthorne Blvd., Suite 2250 Torrance, CA 90505
(h)	Tenant's Address for Work Letter Notices:	County of Los Angeles Chief Executive Office - Real Estate Division 320 West Temple Street, 7th Floor Los Angeles, CA 90012 Attention: Director of Real Estate
1.3	Exhibits to Lease	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

2. PREMISES

2.1 Lease of Premises

Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1.1 and depicted on Exhibit A attached hereto.

2.2 Measurement of Premises

Tenant shall have the right at any time during construction of the Tenant Improvements to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-2010, as promulgated by the Building Owners and Management Association ("BOMA") International, except that no penthouse mechanical room space shall be included in the measurement. For the

purpose of clarification, Landlord and Tenant agree that for purposes of determining Base Rent, Landlord's TI Allowance, Tenant's TI Contribution, and signage, the square footage shall be as set forth in Section 1.1(c) and Section 1.1(j) above, and there shall be no adjustment to Base Rent, Landlord's TI Allowance, Tenant's TI Contribution, or signage if any such remeasurement shows a discrepancy in the square footage of the Premises or the Building from the square footage set forth in this Lease.

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, the Building Parking Area (as defined in section 21.1), and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Area established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES

4.1 Term

The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within thirty (30) days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing a Commencement Date Memorandum and Confirmation of Lease Terms in the form attached hereto as Exhibit B. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Tenant Improvements (as defined below) 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 Premises are complete and the City of Torrance has signed off on the same, and all of the building systems are operational to the extent necessary to service the Premises;
- (b) To the extent reasonably feasible, Landlord, at Landlord's expense, shall have remedied violations shown in the Access Report;
- (c) Landlord has sufficiently completed all the work required to be performed prior to the Commencement Date by Landlord in accordance with this Lease and Landlord's Work Letter (if any) (the "Tenant Improvements"), 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;
- (d) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent; and

- (e) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease.
- (f) Intentionally Omitted.

4.2 Termination Right

If the Commencement Date has not occurred within one hundred twenty (120) days after the Estimated Commencement Date, subject to Tenant Delays or, Force Majeure Delays, as provided and as such terms are defined in Landlord's Work Letter executed concurrently herewith and attached hereto as Exhibit I and incorporated herein by reference, then Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord, and the parties shall have no further rights or obligations to one another hereunder.

4.3 Early Entry

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

4.4 Early Termination

Tenant shall have a one-time right to terminate this Lease as of the Early Termination date specified in Section 1.1, by giving Landlord not less than nine (9) months prior written notice, executed by Tenant's Chief Executive Officer or his/her designee, and paying Landlord the unamortized portion of all abated rent and Landlord's TI Allowance not to exceed \$5,009,240.52 not later than sixty (60) days after delivery of such notice. Any outstanding unpaid amounts of Tenant's TI Contribution shall be paid on or before the Early Termination Date.

4.5 Intentionally Omitted

5. **RENT AND REPAYMENT OF TENANT'S TI CONTRIBUTION**

5.1 Base Rent

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

Base Rent for any partial calendar month during the Term shall be prorated in proportion to the number of days during the Term within such calendar month. As used herein, a "business day" shall mean any day that is not a weekend or a legal federal, state or local holiday in Los Angeles, California.

5.2 Method of Payment and Required Information

The Tenant may, at its sole discretion, determine the most appropriate, efficient, secure, and timely form of payment for any amounts due under this Lease. Landlord further agrees that the default form of payment shall be Electronic Funds Transfer (EFT) or direct deposit, unless an alternative method of payment is deemed appropriate by the A-C.

Subject to Section 5.1, the Landlord shall provide the A-C with electronic banking and related information for the Landlord and/or any other payee that the Landlord designates to receive payment pursuant to this Lease. Such electronic banking and related information includes, but is not limited to: bank account number and routing number, legal business name, valid taxpayer identification number or TIN, a working e-mail address capable of receiving remittance advices and other payment related correspondence, 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.

Any provision of law, grant, or funding agreement requiring a specific form or method of payment other than EFT or direct deposit shall supersede this requirement with respect to those payments. Upon the Commencement Date or at any time during the duration of the Lease, a Landlord 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), shall decide whether to approve exemption requests.

5.3 Rent Abatement

Months one (1) through six (6) of the initial Term shall be abated. Tenant shall have the option to convert all or any portion of its rental abatement toward an increase in Landlord's TI Allowance.

5.4 Base Rent Adjustments

The Base Rent will be subject to three percent (3%) fixed increases, per annum as set forth in the schedule below.

Months	Rate	Monthly Rent
1-12	\$3.20	\$221,510.40
13-24	\$3.30	\$228,155.71
25-36	\$3.39	\$235,000.38
37-48	\$3.50	\$242,050.39
49-60	\$3.60	\$249,311.91
61-72	\$3.71	\$256,791.26
73-84	\$3.82	\$264,495.00
85-96	\$3.94	\$272,429.85
97-108	\$4.05	\$280,602.75
109-120	\$4.18	\$289,020.83
121-126	\$4.30	\$297,691.45

6. USES

Landlord agrees that the demised Premises, together with all appurtenances thereto, shall be used by the Tenant for (a) the government department set forth in Section 1.1 (the "Initial Departmental Use"), or (b) any other County Department the County designates, or any other administrative governmental department purpose, provided that in either case the use is comparable to the Initial Departmental Use, is consistent with Class A office building uses, and does not materially adversely interfere with other uses in the Building ("Permitted County Department"), during Tenant's Hours of Operation, after Tenant's Hours of Operation, and on weekends and holidays.

7. HOLDOVER

If Tenant remains in possession of the Premises or any part thereof after the expiration of the term of this Lease, such occupancy shall be a tenancy which is terminable only upon ninety (90) days written notice from Landlord or thirty (30) days written notice from Tenant's Chief Executive Officer or his/her designee at the same rent as the last monthly Base Rent payable under this Lease for a period of six (6) months and thereafter the rent shall increase one-hundred and ten percent (110%)(the additional 10% over the amount of the last monthly Base Rent being referred to herein as the "Holdover Excess Rent"), 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 beyond the holdover period, Landlord shall credit Tenant the amount of Holdover Excess Rent actually paid by Tenant against the Base Rent due and payable during the first month of the renewal period.

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 or for the benefit of Tenant. The Tenant Improvements shall be constructed in compliance with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof with respect to the Premises, including but not limited to the Americans with Disabilities Act ("ADA"), as in effect at the time of construction ("Applicable Building Codes"). In addition, if the City of Torrance or any other

state, federal or local governmental agency with jurisdiction over the Building requires any modification or alteration to the Premises or to any paths of travel in the Common Areas of the Project necessary for Tenant's use and enjoyment of the Premises (for example, hallways leading to the Premises, elevators, Building access doors, and Building Parking Area (as defined below)) in order to comply with Applicable Building Codes, either as an express condition to issuing a certificate of occupancy or other necessary permit or pursuant to an inspection occurring at any time during the Term, except as otherwise set forth below, Landlord shall be responsible for making such modifications or alterations, the cost of which (i) shall be paid with Landlord's TI Allowance if such work is within the Premises or for Building systems that exclusively serve the Premises, and (ii) shall be considered Base Building Improvements (as defined in Landlord's Work Letter) if such work is outside the Premises or for Building systems that do not exclusively serve 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 loss is not caused by Tenant, and the Premises may be restored to a complete architectural unit of substantially the same value, condition and character that existed immediately prior to such casualty in less than two hundred seventy (270) 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 promptly secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within sixty (60) days after the occurrence of the damage, 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

- (a) 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 substantially similar value, condition and character that existed immediately prior to such casualty in less than two hundred seventy (270) days for any reason, then Tenant may terminate this Lease by giving Landlord written notice within ten days after Tenant's receipt of written notice from Landlord or its agents specifying such time period of repair; and this Lease shall terminate and the Base Rent shall be abated from the date the Premises became unusable. If Tenant does not elect to terminate this Lease, then Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided that insurance proceeds are available to repair the damages.

9.3 Damage In Last Year

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

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

9.4 Default By Landlord

If Landlord is required to repair and restore the Premises as provided for in this Section 9, and Landlord thereafter fails to diligently prosecute said repair and restoration work to completion when required under this Lease, then, subject to Landlord's right to cure such failure within thirty (30) days after receipt of written notice of such failure from Tenant, Tenant may, at its sole election:

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

10. **REPAIRS AND MAINTENANCE**

10.1 Landlord Representations

- (a) Landlord represents to Tenant that, as of the date hereof:
 - i. Landlord has not received any written notice from a Government Agency (a "Violation Notice") stating that the Premises, the Building, or any 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) are in violation of applicable laws, codes, and ordinances, including but not limited to the Americans With Disabilities Act, except for any Violation Notices for which Landlord has remedied the cited violations, and, to Landlord's actual knowledge without any duty of independent investigation or inquiry, such systems are in good working order and condition;
 - ii. Landlord has not received any Violation Notice or other written notice stating that the Building or the Premises are in violation of any covenants, conditions, restrictions and insurance underwriter's requirements;

- iii. Landlord has not received any Violation Notice stating that the Premises, the Building or the Common Areas contain Hazardous Materials (as hereinafter defined), and, to Landlord's actual knowledge without any duty of independent investigation or inquiry, the Premises, the Building and the Common Areas do not contain Hazardous Materials; 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) To Landlord's actual knowledge, without the duty of independent inquiry or investigation, but upon review of the Asbestos Report (as defined in Section 1.1), the Premises and the Building contain no asbestos containing materials in violation of applicable laws (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 the Asbestos Report states that such abatement is 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 Landlord's Work Letter.

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

10.2 Landlord Obligations

- (a) Landlord shall keep and maintain the Property in good condition and repair and promptly make repairs to and perform maintenance upon and replace as needed:

the structural elements of the Building, including without limitation, all permanent exterior walls, floors and ceilings, foundations, roof, concealed plumbing, stairways, concealed electrical systems and intra-building telephone network cables;

- i. mechanical (including HVAC), electrical, plumbing and fire/life systems serving the Building;
- ii. the Common Areas;
- iii. exterior windows of the Building; and
- iv. elevators serving the Building.

- (b) Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to, :

- i. the floor covering ;
- ii. doors, door frames and hardware;

- iii. Building signage;
 - iv. emergency exit signage and battery replacement; and
 - v. HVAC equipment, except for HVAC equipment dedicated to the mechanical rooms housing Tenant's computer servers and related equipment; and
 - vi. 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 followed immediately by email notice in the event of an emergency), regarding 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 commence taking reasonably appropriate action within a reasonable period of time given the circumstances after the giving of such notice, but in any event not later than thirty (30) days after the giving of such notice (or sooner, as appropriate, in the case of an emergency), then Tenant may proceed to take the required action (provided, however, that no prior 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); provided that Tenant shall provide written notice to Landlord as soon as reasonably possible, but in any event not later than twenty-four (24) hours after becoming aware of such emergency event. 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 commenced by Landlord within the applicable time period set forth above (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; provided, that there shall be no interest charged with respect to action commenced by Tenant prior to delivering written notice to Landlord and giving Landlord a reasonable amount of time to take action. If not reimbursed by Landlord within ten (10) days after written notice, then Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 15.

- (b) Notwithstanding any provisions of this Lease to the contrary, Tenant, acting through the County's Chief Executive Office, may request that the Landlord perform, supply and administer any repairs, maintenance, building services and/or alterations that are the responsibility of the Tenant, not to exceed \$5,000, as part of a separate purchase order issued by the County on Tenant's behalf. Any improvements by Landlord shall be subject to (i) the Work Letter provisions regarding selection and bidding of contractors, Landlord-Tenant coordination and audit rights, and Tenant's remedies found in said Work Letter; and (ii) compliance with County Internal Services Department Purchasing Policy and Procedure No. A-0300, effective November 22, 2016, delivered to Landlord and incorporated by reference herein. This Section shall not apply to any Tenant Improvements as defined in Section 24. Tenant shall reimburse Landlord for the costs incurred by Landlord with respect to such work, plus an administration fee charged by Landlord not to exceed three and one-half percent (3.5%). Notwithstanding anything to the contrary contained herein, Landlord shall have no liability to Tenant for undertaking such obligations, except as shall be due to the gross negligence or willful misconduct of Landlord.

11. **SERVICES AND UTILITIES**

11.1 Services

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

Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Tenant's Hours of Operations in amounts required for the use and occupancy of the Premises during the hours set forth in Section 1.1(m) for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit C attached hereto. In addition, Landlord shall furnish HVAC at all times (i.e., twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five (365) days per year) to the mechanical rooms housing Tenant's computer servers and related equipment. Tenant to be responsible for the cost of any afterhours HVAC usage, outside of Tenant's Hours of Operations for portions of the Premises other than the mechanical rooms, and for the cost of HVAC usage provided to the mechanical rooms housing Tenant's computer servers and related equipment. Afterhours HVAC usage is at \$75

per hour subject to reasonable future increases. As part of the Tenant Improvements, Landlord shall install a submeter for the mechanical rooms, the cost of which shall be paid from Landlord's TI Allowance.

(b) Electricity

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

(c) Elevators

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

(d) Water

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

(e) Janitorial

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

(f) Access

Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building. If required, Landlord shall provide access cards or fobs to not more than 415 Tenant employees for Building entry, elevators, and/or floor access, at Landlord's sole cost and expense. Any additional cards or replacement cards shall be at Tenant's sole cost and expense.

(g) Pest Control

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

11.2 Utilities

Landlord agrees to pay, at its sole cost, when due, all charges for the use of the sewer, effluent treatment (when and if imposed by any governmental authority), all water, sprinkler standby charges, electricity, gas, heating and common area power and lighting, trash removal service, fire/life safety systems, charges associated with the HVAC (not including usage outside Tenant's Hours of Operation, which shall be at Tenant's sole cost and expense), and other utility rents and charges accruing or payable in connection with the Premises and the Common Areas during the Term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters. In the event Landlord fails or refuses to pay any or all of such charges when due, Tenant may give Landlord ten (10) calendar days prior written notice and thereafter pay directly such charges and deduct the payments from the next installments of rent due as a charge against the Landlord. Telephone, internet and telecommunications equipment and related charges shall be Tenant's sole responsibility and at Tenant's sole cost.

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, performing Landlord's obligations under this Lease, or for any other reasonable purpose. If Landlord temporarily closes any material portion of the Premises or any portion of the Building for any reason other than as result of any act or omission by Tenant and Tenant shall fail to have access to 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. The foregoing shall not apply to closures for damage and destruction, which shall be governed by Article 9.

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, including but not limited to all rights and remedies available to Landlord under Section 1951.2 of the California Civil Code.

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 (the remedies for which are set forth in those sections, respectively), Landlord shall be in default ("Landlord Default") in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within thirty (30) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10.4); provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such thirty (30) day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein:

- (a) to remedy such default or breach and deduct the costs thereof (including but not limited to attorney' fees) plus interest at the rate of ten percent (10%) per annum from the installments of Base Rent next falling due;
- (b) to pursue the remedy of specific performance;

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

(d) to terminate this Lease.

15.2 Waiver

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

15.3 Emergency

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

16. **ASSIGNMENT AND SUBLETTING**

16.1 Assignment and Subletting

Except as specifically otherwise set forth below, Tenant may not assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent, which shall not be unreasonably withheld, conditioned or delayed. Tenant acknowledges that special consideration has been given to Tenant's requirements as a government entity, certain concessions were made to Tenant that are not generally made to other tenants, and certain terms contained in this Lease would not be agreed to by Landlord in a lease with other entities that are not subject to the same requirements to which Tenant is subject. Accordingly, without limiting the generality of Landlord's approval rights, Tenant specifically agrees and acknowledges that it shall be deemed reasonable for Landlord to refuse consent to any assignment, sublease or transfer (i) to a transferee that is not a federal, state or city government entity of the United States, California or the City of Torrance, (ii) to a transferee whose financial condition, in Landlord's reasonable opinion, is not reasonably sufficient for it to be responsible for all future obligations under this Lease, (iii) if the proposed use is for anything other than office use and, in Landlord's reasonable judgment, such proposed use is not comparable to the Initial Departmental Use, is not consistent with Class A office building uses, or could materially adversely interfere with other uses in the Building, or (iv) if a transferee is not willing to amend and restate this Lease on Landlord's form of Lease without the special considerations given to the County on account of its governmental restrictions and requirements (but with the same rent as payable hereunder). Tenant further agrees that 100% of any amount of rent payable in connection with an assignment or sublease in excess of the rent payable hereunder shall be paid to Landlord. Tenant recognizes that Landlord will incur substantial expenses in renegotiating the terms of a lease upon assignment to any entity that is not a Permitted County Department.

Notwithstanding the foregoing, Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises to any Permitted County Department (as defined in Section 6 above) 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 be unreasonably withhold if the assignee has a financial condition which is, reasonably sufficient for it to be responsible for all future obligations under this Lease.

16.2 Sale

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

Upon any sale or transfer of the Property by Landlord, Landlord shall provide thirty (30) days prior written notice of said sale of 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:
 - Name and address of new owner or other party to whom Base Rent should be paid
 - i. Federal tax ID number for new owner
 - ii. Name of contact person and contact information (including phone number) for new owner
 - iii. 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;
- (d) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building;
- (e) costs less than \$25,000.

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 or adequate parking (based on Necessary Number of parking spaces set forth in Section 21.2) is no longer available in the Project Parking Areas. 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, (i) will add to the remaining Premises and/or the Common Areas so that the Premises will be substantially the same and (ii) ensure that the space available for parking will be adequate to meet the parking requirements set forth herein after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within ninety (90) days after Landlord so notifies Tenant, then this Lease shall continue in effect. In such event, all obligations of Tenant under this Lease shall remain in effect, except that Base Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

18.5 Award

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

18.6 Waiver of Statute

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

19. INDEMNIFICATION

19.1 Landlord's Indemnity

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

19.2 Tenant's Indemnity

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

20. INSURANCE

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

20.1 Waiver

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

20.2 General Insurance Provisions – Landlord Requirements

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

(a) Evidence of Coverage and Notice to Tenant

- i. Certificate(s) of insurance coverage ("Certificate") satisfactory to Tenant, and a copy of an Additional Insured endorsement confirming that Tenant and its Agents (defined below) has been given insured status under the Landlord's General Liability policy, shall be delivered to Tenant at the address shown below and provided prior to the start day of this Lease.

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

If to Tenant:

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

If to Landlord:

West Coast Capital Partners
25500 Hawthorne Blvd., Suite 2250
Torrance, CA 90505
Attn: Scott Douglas and Michael Rosa

With a copy to:

BLANKROME
2029 Century Park East, 6th Floor
Los Angeles, CA 90067
Attn: Jamie Garelick

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

(b) Additional Insured Status and Scope of Coverage

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

(c) Cancellation of or Changes in Insurance

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

(d) Failure to Maintain Insurance

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

(e) Insurer Financial Ratings

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

(f) Landlord's Insurance Shall Be Primary

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

(g) Waiver of Subrogation

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

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

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

(i) Claims Made Coverage

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

(j) Application of Excess Liability Coverage

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

(k) Separation of Insureds

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

(l) Tenant Review and Approval of Insurance Requirements

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

20.3 Insurance Coverage Types And Limits

- (a) Tenant Requirements: During the term of this Lease, Tenant shall maintain a program of insurance coverage as described below:
- i. Commercial General Liability Insurance, providing scope of coverage equivalent to ISO policy form CG 00 01, naming Landlord and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 2 million
Products/Completed Operations Aggregate:	\$ 1 million
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million
 - ii. Tenant, at its sole option, may satisfy all or any part of this insurance requirement through use of a program of self-insurance (self-funding of its liabilities). Certificate evidencing coverage or letter evidencing self-funding will be provided to Landlord after execution of this Lease at Landlord's request.

20.4 Landlord Requirements

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

- (a) Commercial General Liability Insurance, providing scope of coverage equivalent to ISO policy form CG 00 01, naming Tenant and Tenant's Agents as an additional insured, with limits of not less than:
- | | |
|--|---------------|
| General Aggregate: | \$ 10 million |
| Products/Completed Operations Aggregate: | \$ 10 million |
| Personal and Advertising Injury: | \$ 5 million |
| Each Occurrence: | \$ 5 million |
- (b) Commercial Property Insurance. Such insurance shall:
- i. Provide coverage for Tenant's property and any tenant improvements and betterments to the Premises); this coverage shall be at least as broad as that provided by the Causes-of-Loss Special Form (ISO form CP 10 30), excluding earthquake and including flood and ordinance or law coverage.
 - ii. Be written for the full replacement cost of the Property, with a deductible no greater than \$250,000 or 5% of the Property value, whichever is less. Insurance proceeds shall be payable to the Landlord and Tenant, as their interests may appear.

21. PARKING

21.1 Tenant's Rights

Tenant shall have the right to the number of unreserved parking spaces set forth in Section 1.1, without charge, for the Term of this Lease, in the area shaded in green (the "Building Parking Area") and certain parts of the areas shaded in blue, as directed by Landlord from time to time (collectively with the Building Parking Area, the "Project Parking Areas") on the Site Map attached hereto as **Exhibit J**. 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 from time to time, provided that such procedures shall be uniformly applied with respect to the Project Parking Areas. 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 .

21.2 Remedies

Landlord acknowledges that it is a material term of this Lease that Tenant receives all of the parking spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever a material number of the parking spaces required above are not available to Tenant (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) for a period of seven (7) consecutive days, 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) negotiate with Landlord for an equitable reduction in the monthly Base Rent based upon the fair market value of the loss of such parking if not replaced; provided, however, that at such time as 360 parking spaces in the Project Parking Areas become available for Tenant's use, the Base Rent shall be adjusted to 100% of the scheduled Base Rent.

Notwithstanding the above, if Landlord is unable to provide all or any portion of the parking required under Lease, Landlord may, but is not required to, satisfy its obligations by providing valet parking or such alternative parking that Landlord may reasonably believe will satisfy Tenant's parking needs or provide additional parking at an off-site location in the area of the shopping center currently known as the Del Amo Shopping Center (under normal business-hours traffic patterns) from the Premises. In the event Landlord provides off-site parking Landlord shall provide a shuttle service from the off-site parking location to the Premises. Provided Landlord offers Tenant alternative parking not to exceed 30 months, pursuant to this paragraph, Landlord shall not be deemed in default of the Lease and the remedies as set forth in Paragraph 20.2 shall not be applicable. Landlord may also offer stacked parking to satisfy Tenant's parking only if Landlord also provides valet parking at Landlord's

sole cost and expense. Landlord shall provide 15 parking spaces in the Building Parking Area.

22. ENVIRONMENTAL MATTERS

22.1 Hazardous Materials

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

22.2 Landlord Indemnity

Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fines, taxes, costs, liabilities, losses and expenses (collectively, "Losses") arising at any time during or after the Term as a result (directly or indirectly) of, or in connection with, the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than those caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A

default by Landlord under this Section shall constitute a material default under this Lease.

23. ESTOPPEL CERTIFICATES

Tenant shall, within 30 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. Each of Landlord and Tenant hereby indemnifies and holds the other party harmless from any liability or loss from any such lien.

26. SUBORDINATION AND MORTGAGES

26.1 Subordination and Non-Disturbance

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

26.2 Existing Deeds of Trust

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

26.3 Notice of Default

If Landlord or 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 give such mortgagee or beneficiary a copy of any notice of default

that Tenant serves upon Landlord which could permit Tenant to terminate this Lease, along with an additional thirty (30) days within which to cure such default.

27. SURRENDER OF POSSESSION

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

28. SIGNAGE

Tenant shall be allowed building standard signage on the directory 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 paid from Landlord's TI Allowance. Tenant shall have the right to install 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, and the associated costs shall be paid from Landlord's TI Allowance. Tenant shall be permitted to install signs at the Premises that conform with any and all applicable laws and ordinances and the cost of such signage and installation shall be paid from Tenant's TI Contribution; provided that any signage on the exterior of the Building shall be subject to Landlord's approval, not to be unreasonably withheld.

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 warrants that it has dealt with only the following real estate broker(s), agent(s), and/or finder(s) in connection with this letter or the transaction contemplated by this letter:

Cushman & Wakefield ("Landlord's broker")

Tenant warrants that it has dealt with only the following real estate broker(s), agent(s), and/or finder(s) in connection with this letter or the transaction contemplated by this letter:

Cresa ("Tenant's broker")

Landlord and Tenant 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 the aforementioned representations. Landlord shall pay any commissions or fees that are payable to Landlord's broker and Tenant's broker with respect to this Lease in accordance with the provisions of a separate commission contract.

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 (including all copy-to addresses) 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 only 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), and Landlord may execute any and all instruments providing for the payment of Base Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.
- (b) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease, or any portion thereof, as security for the Landlord's obligation to repay any monetary obligation, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.
- (c) Any assignment by Landlord hereunder shall be in compliance with 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.
- (d) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, [upon which the Tenant may impose damages in an amount equal to the greater of \$500,000 or 10% of the aggregate principal portion of all rental payments payable by the Tenant during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult

to fix actual damages. In addition, the Tenant may exercise or pursue any other right or remedy it may have under this Lease or applicable law

- (e) Landlord shall give Tenant written notice and a copy of each and every assignment, transfer, hypothecation or encumbrance of Landlord's interest in this Lease and any instrument relating thereto (including, but not limited to, instruments providing for the payment of Base Rent directly to an assignee or transferee) at least thirty (30) days prior to the effective date thereof.
- (f) Landlord shall not furnish any information concerning Tenant or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the Tenant) to any person or entity other than Landlord's Representatives, except with Tenant's prior written consent. As used herein, Landlord's "Representatives" shall mean Landlord's affiliates, members, managers, shareholders, partners, attorneys, accountants, consultants (including but not limited to financial and tax advisors and bankers), potential purchasers, lenders, investors and potential lenders or investors. Landlord shall indemnify, defend and hold Tenant and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section 32.3.
- (g) The provisions of this Section 32.3 shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns, whether so expressed or not.

32.4 Smoking in County Facilities.

The Surgeon General of the United States has concluded that passive smoke exposure is the third leading cause of preventable death in the United States. The United States Environmental Protection Agency has found second-hand smoke to be a known carcinogen. It is recognized that the County has a responsibility to establish, maintain and promote a healthful and safe working environment and to reduce health and safety risks of its employees and the public at large. Tobacco smoke is a hazard to the health of County employees and the general public and represents an annoyance which should be regulated and banned in all county facilities to the end that air quality in all such facilities be improved for the preservation and improvement of the health of all County employees and the public. Therefore, to the greatest extent possible, the rights and comfort of all employees shall be respected. Reasonable effort shall be made to provide smokers a place to smoke in areas open to the sky or otherwise located outside County facilities and, except as provided under Los Angeles County, California - Code of Ordinances Chapter 2.126 ("LAMC 2.126"), all portions of County-owned facilities and all portions of facilities leased by or from the County, which areas are not open to the sky, shall be designated as "no smoking" areas. Smoking, including the use of electronic smoking devices, shall be prohibited in the following areas of

County facilities: (1) Within 50 feet of any operable entry or exit door or operable window of any County building and within 25 feet of any access ramp or handicap path; (2) Within any County parking lot, parking structure, or parking garage, whether enclosed or open to the sky; or (3) Within any driving range and eating area, including outdoor eating areas, of any County golf course. International no-smoking signs and other appropriate signs which designate no-smoking areas shall be clearly, sufficiently and conspicuously posted in every room, building or other place so covered by LAMC 2.126. The manner of such posting, including the wording, size, color and place of posting, whether on the walls, doors, tables, counters, stands or elsewhere, shall be at the discretion of the building proprietor so long as clarity, sufficiency and conspicuousness are apparent in communicating the intent. (Los Angeles County, California - Code of Ordinances Chapter 2.126.)

33. IRREVOCABLE OFFER

In consideration for the time and expense that Tenant will invest in this Lease, including but not limited to preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County, as necessary, in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.1. For the avoidance of doubt, notwithstanding Landlord's execution of the Lease, until such time as the Lease has been fully executed and delivered by Landlord and Tenant, Landlord shall have no obligation to Tenant whatsoever other than the obligation to not revoke the offer set forth in the Lease signed by Landlord from the date of Landlord's execution through the Irrevocable Offer Expiration Date.

34. OPTION TO EXTEND

- (a) Option Terms. Provided that no material Default has occurred and is continuing under the Lease at the time the option is exercised and not more than two (2) Defaults have occurred during the initial Term, 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 options to extend this Lease by giving Landlord written notice of its election to do so no later than nine (9) months prior to the end of the initial Term. If Tenant fails to give such written notice to Landlord, Landlord will promptly provide written notice to Tenant that the Term shall not be extended unless Tenant responds within ten (10) business days in writing electing to exercise its respective renewal option, and Tenant shall be granted an additional period of ten (10) business days after receipt of such written notice from Landlord, in which to give Landlord its written notice of its election to exercise such renewal option or election not to exercise such renewal option. Failure by Landlord to provide ten (10) business day written notice to Tenant that the Term shall not be extended unless Tenant responds within ten (10) business days in writing electing to exercise its respective renewal option or Tenant's failure to notify Landlord of its election to exercise such renewal option, after receipt of the ten (10) business day notice, and without any further notice, act, or agreement, this Lease will terminate as of the then-applicable expiration date, and neither Landlord nor Tenant will have any further obligation or liability under this Lease arising or continuing from and after such expiration date, subject, however, to the provisions that expressly survive termination of this Lease.

- (c) Terms and Conditions of Extension Terms. The Extension Terms shall be on all the terms and conditions of this Lease, including Rent stated in (d) below except that Landlord shall have no additional obligation for free rent, leasehold improvements or for any other tenant inducements for the Extension Terms. In no event shall Landlord be responsible for payment of any brokerage fees or commissions to any broker or finder retained by Tenant or representing Tenant.
- (d) Base Rent During Extension Term(s). Tenant shall pay Base Rent during the Extension Term as follows:

Base Rent Adjustments

- (i) CPI. From and after the first anniversary of the Extension Term, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Base Rent shall be adjusted by applying the CPI Formula set forth below. The "Base Index" shall be the Index published for the month the Lease commences.
- (ii) 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.
- (iii) Illustration of Formula. The formula for determining the new rent shall be as follows:

New Index

Base Index x Base Rent at the Commencement Date = Adjusted Base Rent

- (iv) Limitations on CPI Adjustment. In no event shall the monthly Base Rent adjustment based upon the CPI Formula result in an increase greater than three percent (3%) per year of the Base Rent payable in the month preceding the applicable adjustment. 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.

35. RIGHT OF FIRST OFFER TO LEASE ADDITIONAL PREMISES

- (a) Provided that no material Default has occurred and is continuing under the Lease, if at any time prior to the last twelve (12) months of the Term, Landlord intends to

offer leasable space for any available space in the building (the "Additional Premises") for lease to third parties or to accept an offer of a third party to lease the Additional Premises, Landlord shall first give written notice to Tenant of the rental rate and other material terms upon which Landlord is willing to lease the Additional Premises ("Landlord's Lease Notice"). Landlord's Lease Notice shall constitute an offer to lease the Additional Premises to Tenant at the rental rate and upon the terms and conditions contained in Landlord's Lease Notice and shall state the anticipated date of availability of the Additional Premises. Tenant shall have sixty (60) days after receipt of Landlord's Lease Notice to accept such offer. Tenant shall accept such offer, if at all, only by delivery to Landlord of Tenant's irrevocable written commitment to lease the Additional Premises at the rental rate and upon the terms and conditions contained in Landlord's Lease Notice (the "Expansion Commitment").

- (b) If Tenant delivers to Landlord the Expansion Commitment within such ninety (90) business day period, all (but not part) of the Additional Premises shall be leased to Tenant commencing on the earlier of (a) the date Tenant first uses the Additional Premises for the Permitted Use; or (b) thirty (30) days after Landlord provides Tenant with possession of the Additional Premises and continuing for a period of time coterminous with the remaining Term, including any options to extend the Term. Tenant shall lease the Additional Premises upon the same terms, conditions and covenants as are contained in the Lease except that (i) the Base Rent for the Additional Premises shall be at the rate set forth in Landlord's Lease Notice, and (ii) any terms and conditions set forth in Landlord's Lease Notice that are inconsistent with the terms and conditions of the Lease shall control.
- (c) Except as otherwise set forth in Landlord's Lease Notice, possession of the Additional Premises shall be delivered to Tenant on an "as-is" basis. Landlord shall prepare and Landlord and Tenant shall execute and deliver a written agreement modifying and supplementing the Lease and specifying that the Additional Premises are part of the Premises and, except as otherwise specified in Landlord's Lease Notice, subject to all of the terms and conditions of the Lease.
- (d) Time is of the essence with respect to the exercise by Tenant of its rights granted hereunder. In the event Tenant fails to deliver to Landlord Tenant's Expansion Commitment within the sixty (60) day period prescribed above, all rights of Tenant to lease the Additional Premises shall terminate and Landlord shall have no further obligation to notify Tenant of any proposed leasing of the Additional Premises, and Landlord shall thereafter have the unconditional right to lease the Additional Premises to third parties or to accept offers from third parties to lease the Additional Premises without further obligation to Tenant. The rights granted to Tenant under this Section 34 shall not apply to any sales or similar transfers of the Additional Premises.

36. GROUND LEASE

Landlord has a leasehold interest in the Property pursuant to that certain Ground Sublease dated February 12, 1985, executed by Sears Roebuck and Co., a New York corporation, as the sublessor, and the Torrance Company, a general partnership ("Torrance Company"), a predecessor-in-interest to Landlord, as sublessee, (as the same may have been amended and may be further amended from time to time, the "Ground Lease"), a Memorandum of which was recorded January 24, 2000, as Instrument No. 00-0102664 in


the Official Records of Los Angeles County. Sublessee's interest in the Ground Lease was assigned on August 5, 2022, by Hudson Del Amo Office, LLC, a Delaware limited liability company (a successor in interest to Torrance Company), as assignor, to Landlord, by an assignment dated August 5, 2022, a Memorandum of which was recorded on August 8, 2022, as Instrument No. 20220794653 in the Official Records of Los Angeles County. Tenant acknowledges that this Lease is subject to the terms of the Ground Lease.

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

LANDLORD:

WCCP DEL AMO, LLC,
a California limited liability company

By: WCCP Asset Management, LLC,
a California limited liability company
Its Manager

By: 

Scott Douglas, Manager

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Officer

ATTEST:

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

By: _____
Deputy

APPROVED AS TO FORM:

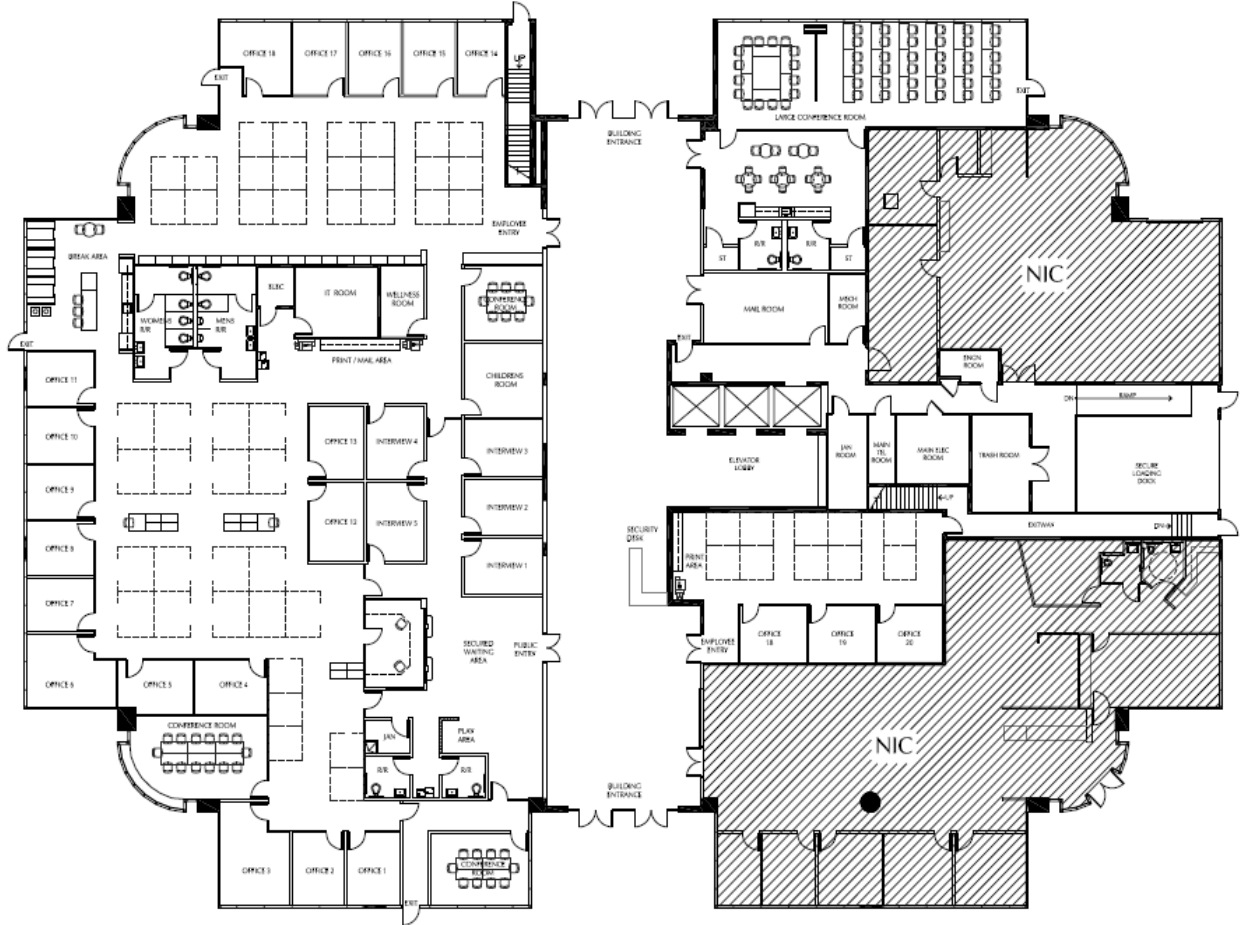
DAWYN R. HARRISON
County Counsel

By: 

Senior Deputy

EXHIBIT A

FLOOR PLAN OF PREMISES

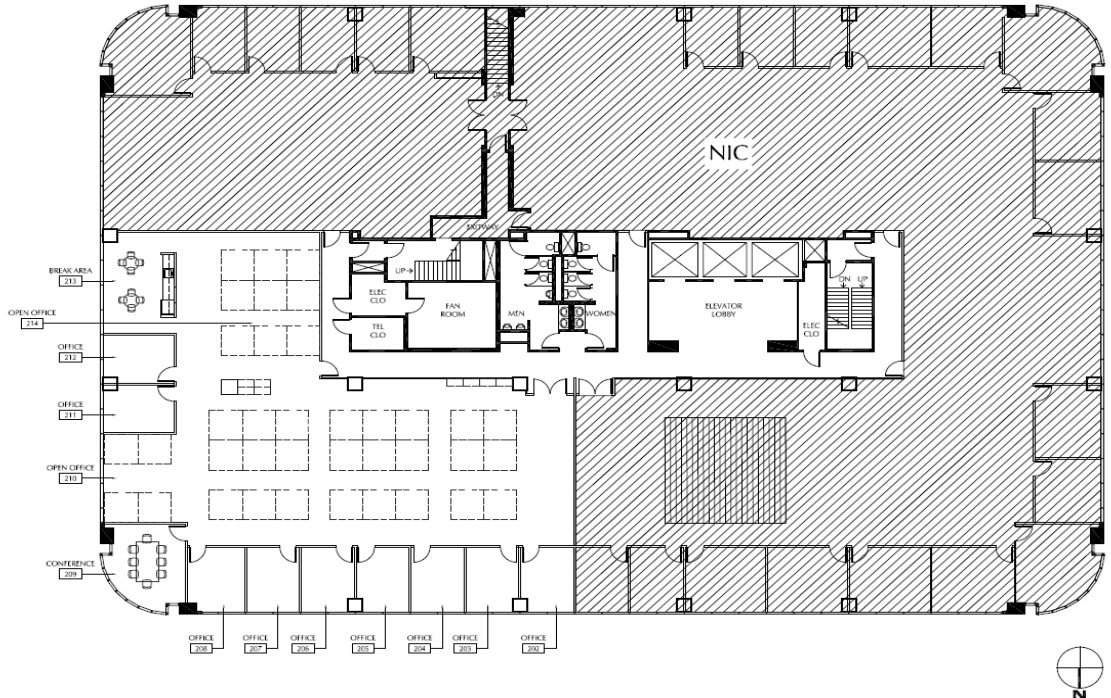


LA COUNTY SOCIAL SERVICES | TEST FIT 2
 FLOOR: 1
 3501 SEPULVEDA BLVD
 TORRANCE, CA

SQUARE FOOTAGE SUMMARY
 SUITE 101/102: 13,384 RSF
 SUITE 103: 2,300 RSF
 SUITE 105: 1,370 RSF
 TOTAL: 17,054 RSF

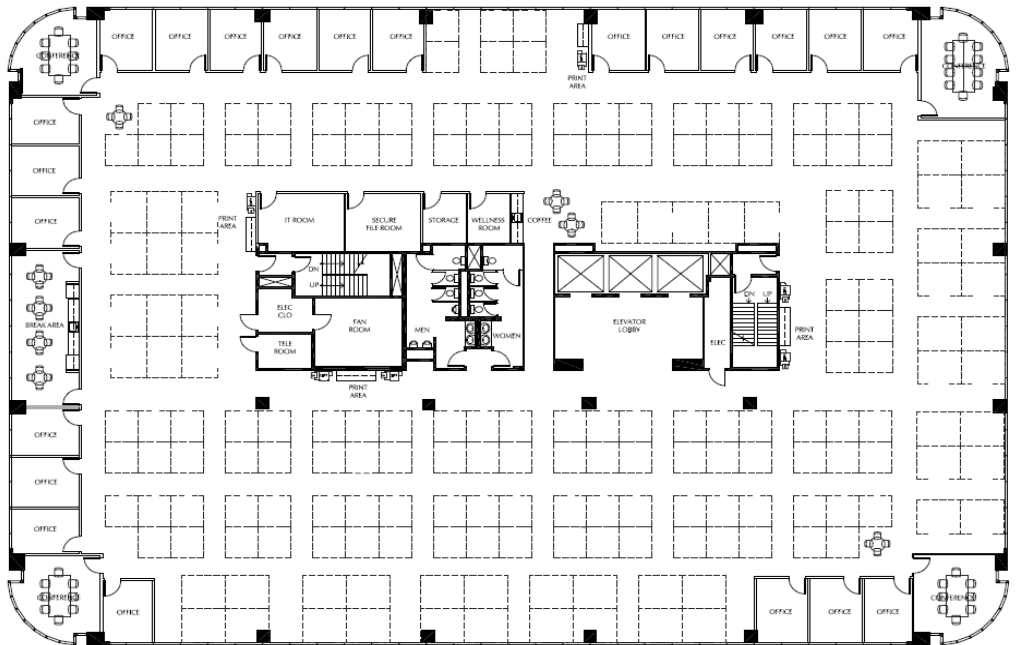
SUMMARY (76) STAFF SPACES	MEETING CENTER
(21) PRIVATE OFFICES	(1) LARGE TRAINING ROOM-WITH MOVING PARTITION
(17) 7'X6' W/S	(2) GENDER NEUTRAL R/R
(38) 6'X6' W/S	(1) STORAGE CLOSETS
(3) CONFERENCE ROOMS	(1) BREAK-OUT AREA
(2) BREAK ROOM	
(1) WELLNESS ROOM	GENERAL
(13) MULTI-COMPARTMENT R/R	(1) MAILROOM
	(1) IT ROOM
PUBLIC SPACES	
(1) SECURE RECEPTION (2) STAFF	
(1) SECURE WAITING AREA	
(5) INTERVIEW ROOMS	
(1) CHILDREN'S ROOM	
(2) GENDER NEUTRAL R/R	
(1) JANITORIAL CLOSET	





FLOOR: 2
 3501 SEPULVEDA BLVD
 TORRANCE, CA

OPEN OFFICE
 12'x15' W/5
 10 PRIVATE OFFICES



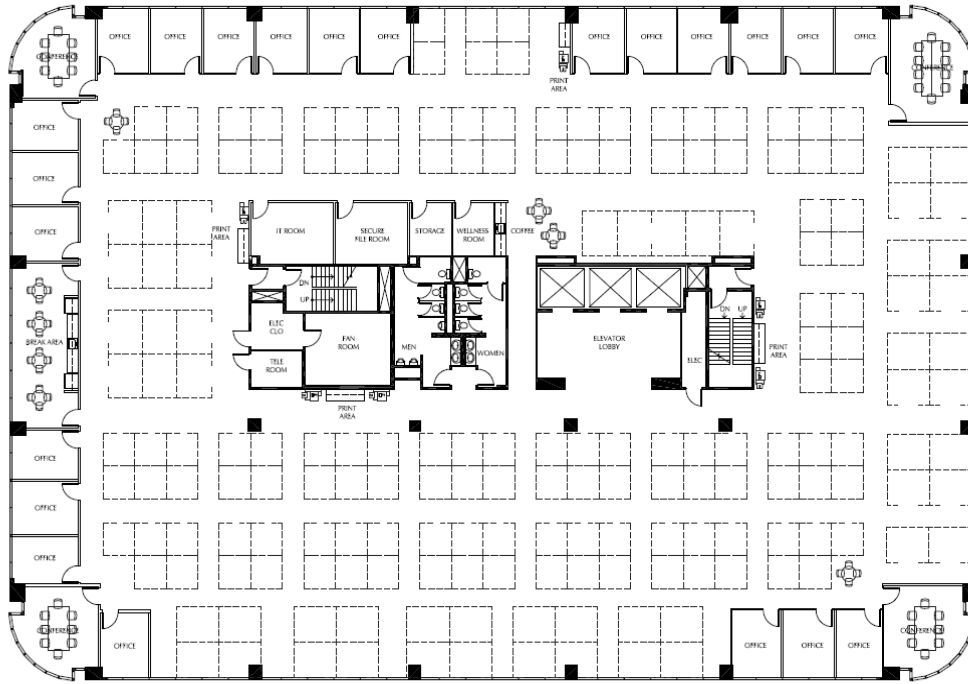
LA COUNTY SOCIAL SERVICES | TEST FIT 2
 FLOOR: 4
 3501 SEPULVEDA BLVD
 TORRANCE, CA

SQUARE FOOTAGE SUMMARY
 SUITE 400: 23,209 RSF
 TOTAL: 23,209 RSF

SUMMARY (205) STAFF SPACES	
(22)	PRIVATE OFFICES
(50)	6'x6' W/5
(133)	6'x6' W/5
(4)	CONFERENCE ROOMS
(3)	COLLABORATION AREAS
(1)	SECURE FILE ROOM
(1)	SECURE STORAGE ROOM
(1)	BREAK ROOM
(1)	COFFEE AREA
(1)	WELLNESS ROOM

HCN 1077020000

EXHIBIT A
 FLOOR PLAN OF PREMISES



LA COUNTY SOCIAL SERVICES | TEST FIT 2

FLOOR: 5

3501 SEPULVEDA BLVD

TORRANCE, CA

SQUARE FOOTAGE SUMMARY
 SUITE 500: 23,209 RSF
 TOTAL: 23,209 RSF

SUMMARY (205) STAFF SPACES	
(22)	PRIVATE OFFICES
(50)	6'x8' W/S
(133)	6'x6' W/S
(4)	CONFERENCE ROOMS
(3)	COLLABORATION AREAS
(1)	SECURE FILE ROOM
(1)	SECURE STORAGE ROOM
(1)	BREAK ROOM
(1)	COFFEE AREA
(1)	WELLNESS ROOM



EXHIBIT B

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

Reference is made to that certain Lease Agreement ("Lease") dated _____, 20__, between County of Los Angeles, a body corporate and politic ("Tenant"), and WCCP DEL AMO LLC, a California limited liability company ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 3501 Sepulveda Boulevard, Torrance, California 90505 ("Premises"),

Landlord and Tenant hereby acknowledge as follow:

- 1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- 2) Tenant has accepted possession of the Premises and now occupies the same;
- 3) The Lease commenced on _____ ("Commencement Date");
- 4) The Premises contain 69,222 rentable square feet of space; and

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

- 5) Rent Abatement

Months one (1) through six (6) of the initial Term shall be abated. Tenant shall have the option to convert all or any portion of its rental abatement toward an increase in Tenant's TI Contribution.

- 6) Base Rent Adjustments

The Base Rent will be subject to three percent (3%) fixed increases, per annum as set forth in the schedule below.

Months	Rate	Monthly Rent
1-12	\$3.20	\$221,510.40
13-24	\$3.30	\$228,155.71
25-36	\$3.39	\$235,000.38
37-48	\$3.50	\$242,050.39
49-60	\$3.60	\$249,311.91
61-72	\$3.71	\$256,791.26
73-84	\$3.82	\$264,495.00
85-96	\$3.94	\$272,429.85
97-108	\$4.05	\$280,602.75
109-120	\$4.18	\$289,020.83
121-126	\$4.30	\$297,691.45

IN WITNESS WHEREOF, this memorandum is executed this _____ day of _____,
20____.

Tenant:

COUNTY OF LOS ANGELES,
a body corporate and politic

By:

Joyce Chang
Senior Manager

Landlord:

WCCP DEL AMO, LLC,
a California limited liability company

By:

WCCP Asset Management, LLC,
a California limited liability company
Its Manager

By:

Scott Douglas, Manager

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 necessary)
11. Graffiti expunged as needed within a reasonable period of time after notice by Tenant
12. Floors washed as needed.
13. Standard kitchen/lunchroom/restroom supplies replenished, including, but, not limited to, paper supplies and soap.

B. WEEKLY

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

C. MONTHLY

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

20. HVAC chiller water checked for bacteria, water conditioned as necessary.

D. QUARTERLY

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

E. SEMI-ANNUALLY

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

F. ANNUALLY

- 29. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Landlord's reasonable discretion, professionally cleaned in their entirety using a water extraction system.
- 30. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process.
- 31. Touch-up paint all interior painted surfaces in a color and finish to match existing.

G. AS NEEDED

- 32. Premises and the sidewalks, driveways, the Building Parking Area, 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.
- 33. 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.
- 34. Interior and exterior pest control inspections and remediation frequency is to be determined by a licensed exterminator.

35. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning:
- i. heavy traffic areas cleaned as needed, with a minimum frequency of bi-monthly [six (6) times per year];
 - ii. moderate traffic areas cleaned as needed, with a minimum of once every six (6) months [two (2) times per year]; and
 - iii. clean light traffic areas a minimum of once per year.
 - iv. Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.
36. Floors waxed in uncarpeted office area.
37. Carpet professionally spot cleaned as required to remove stains.
38. 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 _____, 2024 by and among COUNTY OF LOS ANGELES, a body corporate and politic ("Tenant"), WCCP DEL AMO, LLC, a California limited liability company ("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; provided that any such option to purchase the Property or right of first offer to purchase the Property in the Lease shall not be triggered by a Transfer of the Property (as defined below).

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, so long as no default on the part of Tenant has occurred under the Lease which would cause or permit the termination or would entitle the Landlord to dispossess the Tenant from the Property.

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: WCCP Del Amo, LLC
25500 Hawthorne Blvd., Suite 2250
Torrance, California 90505

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.

8. Tenant Acknowledgment of Assignment. Tenant acknowledges that the Lease and the rent due under the Lease will be assigned to Lender pursuant to the Deed of Trust as security for the loan secured by the Deed of Trust. If Lender notifies Tenant of a default by Landlord under the Deed of Trust or loan documents and demands that Tenant pay rent and all other sums due under the Lease to Lender, Tenant agrees to honor such demand and pay rent due under the Lease as directed by Lender, and Landlord hereby directs Tenant to comply with such demand, and agrees that any such payment by Tenant to Lender pursuant to such a demand shall satisfy Tenant's payment obligations to Landlord under the Lease to the extent of the amount so paid. Tenant will not, without the prior written consent of Lender, pay to Landlord any rent under the Lease more than thirty (30) days in advance of its due date.

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

By:____
Name:_
Title:__

BORROWER: WCCP DEL AMO, LLC,
a California limited liability company

By: WCCP Asset Management, LLC,
a California limited liability company
Its Manager

By: _____
Scott Douglas, Manager

LENDER: [*Insert name of Lender*],

By:____
Name:_
Title:__

EXHIBIT F

TENANT ESTOPPEL CERTIFICATE

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

Attn: _____

Re: Date of Certificate: _____

Lease Dated: _____

Current Landlord: WCCP Del Amo, LLC, a California limited liability company

Located at: _____

Premises: _____

Commencement Date of Term: _____

Expiration Date: _____

Current Rent: _____

County of Los Angeles ("Tenant") hereby certifies that, to its actual knowledge, as of the date hereof:

1. Tenant is the present holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.

2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

(b) The current Rent is set forth above.

(c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.

(d) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

(e) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified changed, altered or amended, except as set forth in Exhibit A, and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.

(c) Tenant's interest in the Lease has not been assigned or encumbered.

(d) Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease, except as set forth in the Lease.

(e) No rental payments have been made more than one (1) month in advance.

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

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

COUNTY OF LOS ANGELES,
a body corporate and politic

By: _____
Name: _____
Title: _____

EXHIBIT G

COMMUNITY BUSINESS ENTERPRISE FORM

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

I. Minority/Women Participation in Firm (Partners, Associate Partners, Managers, Staff, etc.)						
1. Firm Name: _____			3. Contact Person/Telephone Number: _____			
2. Address: _____ _____						
			4. Total number of employees in the firm: _____			
5. Provide the number of all minority employees and women in each category.	Owners, Partners and Associate Partners		Managers		Staff	
	All O,P & AP	Women	All Managers	Women	All Staff	Women
Black/African American						
Hispanic/Latin American						
Asian American						
Portuguese American						
American Indian/Alaskan Native						
All Others						
II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM						
1. Type of Business Structure: (Corporation, Partnership, Sole Proprietorship, Etc.) _____						
2. Total Number of Ownership/Partners, Etc.: _____			III. MINORITY/WOMEN-OWNED FIRM CERTIFICATION			
3. Provide the percentage of ownership in each	All Employee	Women	Is your firm currently certified as a minority owned business firm by the:			
Black/African American			State of California? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Hispanic/Latin American			City of Los Angeles? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Asian American			Federal Government? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Portuguese American			Section D. OPTION TO PROVIDE REQUESTED INFORMATION			
American Indian/Alaskan Native			<input type="checkbox"/> We do not wish to provide the information required in this form.			
All Others			Firm Name: _____ Signature/Title: _____			
			Date: __			

EXHIBIT H

MEMORANDUM OF LEASE

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

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

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

MEMORANDUM OF LEASE

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

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

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

Dated: _____, 20__.

LANDLORD:

WCCP DEL AMO, LLC,
a California limited liability company

By: WCCP Asset Management, LLC,
a California limited liability company
Its Manager

By: _____
Scott Douglas, Manager

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Officer

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

EXHIBIT I

LANDLORD'S WORK LETTER

For

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

**COUNTY OF LOS ANGELES, as Tenant
WCCP DEL AMO LLC, as Landlord**

Property Address: 3501 SEPULVEDA BOULEVARD, TORRANCE, CA

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease Agreement (the "Lease") dated _____, 2024, executed concurrently herewith, by and between WCCP DEL AMO LLC, a California limited liability company, 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 Word Letter Information.** The following terms as used herein shall have the meaning provided in this Section unless otherwise specifically modified by provisions of this Work Letter.
 - (a) Total TI Costs \$12,806,070 (i.e., \$185 per rentable square foot of the Premises)
 - (i) Landlord's TI Allowance \$6,922,200 (i.e., \$100 per rentable square foot of the Premises)
 - (ii) Tenant's TI Contribution \$5,883,870 (i.e., \$85 per rentable square foot of the Premises)
 - (b) TI Amortization Rate and Change Authorization Amortization Rate: Fixed eight percent (8%) per annum
 - (c) Tenant's Work Letter Representative Edgar Pejoro or an assigned staff person of the Chief Executive Office-Real Estate Division
 - (d) Landlord's Work Letter Representative Scott Douglas or an assigned staff person of the Landlord
 - (e) Landlord's Address for Work Letter Notices WCCP DEL AMO LLC
25500 Hawthorne Blvd., Suite 2250
Torrance, CA 90505
Email: sdouglas@westcoastcap.com
 - (f) 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 be considered Tenant Improvements (as defined below), the cost of which shall be paid from Landlord's TI Allowance or Tenant's TI Contribution unless such changes or additions are specifically set forth on Addendum A attached hereto or otherwise specifically described herein as Base Building Improvements.

2.2 Additional 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 as necessary to comply with Landlord's obligations under Section 8 of the Lease that Landlord would not have incurred if the Building had been in compliance with such codes, then such costs shall be allocated as set forth in Section 8 of the Lease.
- (b) The costs of any work that Landlord must undertake in order to comply with Landlord's obligations under Section 8 of the Lease shall be allocated as set forth in Section 8 of the Lease. 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.
- (c) Costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease, and (v) supervision or overhead costs of Landlord in connection with the items described in this subsection (b) shall be allocated in accordance with Section 8 of the Lease.
- (d) Landlord shall be solely responsible for all costs and expenses necessary to increase and / or maintain permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, and live loads to the extent Tenant's usage is typical for general office use; provided, however that if Tenant intends to have libraries, file rooms and/or live loads that are materially heavier than typical office use, Tenant shall be solely responsible

for all costs incurred in connection with increasing or maintaining additional structural floor loading in order to accommodate Tenant's needs, and such costs shall be paid with Landlord's TI Allowance or Tenant's TI Contribution; provided, that the cost of reworking such secondary piping and sprinkler heads shall be Tenant Improvements, not Base Building Improvements).

- 2.3 **Base Building Plans.** Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2015 (or later version) and Adobe PDF electronic format via USB flash drive and set-up of a web-based download link. If Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, then any delay caused thereby shall not be a Tenant Delay (as defined below).
 - 2.4 **Survey.** Where 'as-built' plans are missing, Landlord must perform a survey of existing space, which shall include existing floor plans and mechanical, electrical, and plumbing systems. The survey shall be at Landlord's sole cost and expense. Landlord shall submit such survey to the Tenant such that the initial Space Plan (as defined in Section 5.1) can be modified to conform to the existing conditions.
3. **Selection of Architect.** Landlord shall not proceed with any bid solicitation for architectural services until the Space Plan is furnished to the Landlord. Not later than sixty (60) calendar days after the later of the full execution and delivery of the Lease and Landlord's receipt of the Space Plan, Landlord shall solicit at least three (3) proposals from qualified licensed architects familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings (as defined below). One such architect shall be Jodi Reese, IIDA, Landlord's architect, and, at Tenant's request, one such architect shall be the architect that prepared Tenant's Space Plan. Landlord shall select an architect from the three (3) bidders, subject to Tenant's acceptance, which shall not be unreasonably withheld, and which acceptance (or rejection for reasonable reasons) shall be granted within five (5) calendar days after Landlord has submitted the name of the selected architect to Tenant, together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until Tenant accepts an architect (the "Architect"), and Tenant's written acceptance has been delivered to and received by Landlord. As used herein, the "Architect" shall mean the architect chosen in accordance with the procedures set forth herein. Within twenty-one (21) calendar days after Tenant's approval of the Final Plans (as defined below), Landlord shall submit the Final Plans to the City of Torrance (the "City") for review and approval.
 4. **Selection of Contractor.** Within twenty-one (21) calendar days after receipt of first plan check comments from the City, a proposed construction contract prepared by the Architect shall be submitted to a sufficient number of qualified contractors, selected by Landlord, so that a minimum of three (3) bids are received. Each contractor shall be requested to submit a sealed fixed price contract bid price (on an American Institute of Architects (AIA) form) to construct the Tenant Improvements depicted on the Final Plans. Landlord shall select the most qualified bidder offering the lowest price after adjustments for inconsistent assumptions, and Landlord shall submit all bids, along with Landlord's recommendation, to Tenant for Tenant's review and acceptance, which acceptance shall not be unreasonably withheld, and which acceptance (or rejection for reasonable reasons) shall be granted within ten (10) calendar days after Landlord submits the bids to Tenant.

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 include a space plan, including 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, mechanical rooms housing Tenant's computer servers and related equipment, mini-service kitchens, and the reception area, library, and file room (the "Space Plan").
- 5.2 Preparation and Review of Working Drawings. Within thirty (30) calendar days after the selection of the Architect, 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, (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 (such approval not to be unreasonably withheld, conditioned or delayed). Landlord shall provide Tenant the Working Drawings, or such portion thereof as has been submitted, for Tenant's review and acceptance. As between Landlord and Tenant, Landlord shall be solely responsible for enforcing Architect's obligations to make 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. Landlord shall cause the Architect to coordinate with the Engineer and to integrate all engineering drawings prepared by the Engineer, including but not limited to complete mechanical, electrical, and plumbing plans ("Engineering Drawings"), into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review and acceptance.
- 5.4 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has accepted the Engineering Drawings, Landlord shall cause the Architect to integrate the accepted Working Drawings with the accepted Engineering Drawings (collectively "Final Plans") and deliver the Final Plans to Tenant for Tenant's review in an AutoCAD 2015 (or later version) and Adobe PDF electronic format via USB flash drive and set-up a web-based download link. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with

the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements), power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements. Landlord's review of the Space Plan, Working Drawings, Engineering Drawings, and Final Plans shall be at Landlord's sole cost and expense.

- 5.5 Tenant's Plan Review and Acceptance. Tenant shall accept or reject the Working Drawings, the Engineering Drawings and the Final Plans within 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 correctness of the design of the Tenant Improvements, which shall be the responsibility of the professionals preparing such drawings and plans.
- 5.6 Schedule. Within twenty-one (21) calendar days after selection of a Contractor, Landlord and the Contractor shall submit to Tenant a detailed baseline construction schedule, setting forth the projected completion dates of certain project milestones, including but not limited to issuance of building permit (if not already issued), construction commencement date, interim schedule milestone dates, and the date of Substantial Completion. The schedule shall be apportioned by construction activity and include time required for the completion of each portion of the work. As the construction continues, Landlord shall amend the construction schedule at least once each month to reflect any changes to the projected dates, and Landlord shall promptly submit the revised construction schedules to Tenant. If the amended construction schedule identifies delays to the project's critical path, the Landlord shall provide a recovery schedule and/or request for a contract time extension. Tenant acknowledges that the schedules described herein, including the schedule described in Section 5.6, are estimates and Landlord cannot control numerous factors in the construction process, including but not limited to the speed with which Tenant responds to requests for approvals, changes to be requested by Tenant, the timing of obtaining City approvals, availability of labor and materials, and any Tenant Delays and Force Majeure Events (as defined below).
- 5.7 Submittals. The Landlord shall submit to Tenant any Shop Drawings, Product Data Sheets / Samples or similar submittals required by the Final Plans in coordination with the construction schedule and with reasonable promptness, so as not to cause any delay in the construction of the Tenant Improvements. The purpose of Shop Drawings, Product Data, Samples and similar submittals is to demonstrate the way by which the Contractor proposes to construct a design concept expressed in the

Final Plans. "Shop Drawings" include drawings, diagrams, schedules and other data specially prepared by the Contractor or a subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Tenant Improvements. "Product Data Sheets / Samples" include illustrations, summary performance charts, instructions, brochures, diagrams, manufacturer specifications and other information furnished by the Landlord to illustrate materials or equipment for some portion of the Tenant Improvements. "Samples" are physical examples that illustrate materials, equipment or workmanship for some portion of the Tenant Improvements. The Contractor shall construct no portion of the Tenant Improvements for which the Final Plans require submittal and review of Shop Drawings, Product Data, Samples or similar submittals until the respective submittal has been reviewed and accepted by the Architect.

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

6.1 Cost Summary. Within thirty (30) calendar days of receiving the Space Plan, 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 thirty (30) calendar 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 (but only to the extent such costs are inconsistent with the accepted Contractor's bid); provided, however, that any proposed increase to Tenant's TI Contribution shown on the Final TI Cost Summary shall not be effective unless approved in a separate written agreement executed by Landlord and Tenant. Construction of the Tenant Improvements shall not begin until Tenant accepts the Final TI Cost Summary in writing. If Tenant rejects the Final TI Cost Summary due to matters related to cost and the Final TI Cost Summary is ten percent (10%) or more in excess of the total Landlord's TI Allowance and Tenant's TI Contribution, then, (i) at Tenant's request, Landlord, in conjunction with the Architect and the Engineer, shall redesign the Tenant Improvements so as not to exceed the total of Landlord's TI Allowance plus Tenant's TI Contribution, the expenses of which will be paid out of Landlord's TI Allowance or Tenant's TI Contribution, and (ii) if Tenant makes such request, the Estimated Commencement Day shall be extended on a day-for-day basis for each day of delay due to the redesign process.

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." As used herein, "Total TI Costs" shall mean the total amount spent on Tenant Improvements, all of which must not exceed the sum of Landlord's TI Allowance and Tenant's TI Contribution. As used herein, "TI Construction Costs" shall mean the Total TI Costs minus all Tenant Expenses (as defined below). TI Construction Costs shall be paid from Landlord's TI Allowance, up to the total amount of Landlord's TI Allowance. If the TI Construction Costs exceed Landlord's TI

Allowance, then the overage shall be paid from Tenant's TI Contribution. Any remaining amounts of Tenant's TI Contribution may be used for Tenant Expenses (as defined below). If the TI Construction Costs and Tenant Expenses exceed the Landlord Improvement Allowance and Tenant TI Contribution, Tenant shall be solely responsible for payment of any overage. As used herein, "Tenant Expenses" shall mean, collectively, (i) decorative costs, as described in Section 7.5(b), (ii) the cost of furniture (other than modular furniture which shall be a TI Construction Cost), equipment (including telecom equipment), computers, and any other items marked on Addendum B as "FF&E", and (iii) any costs incurred in connection with Change Authorizations for Tenant-Requested Changes (as such terms are defined below).

- 6.3 Method of Payment. Tenant shall be obligated to pay Landlord that portion of Tenant's TI Contribution used to pay for any Total TI Costs in excess of Landlord's TI Allowance (the "Total TI Repayment Amount"), with the first monthly payment ("Monthly TI Repayment Amount") being due and payable thirty (30) calendar days after the Tenant Improvements are Substantially Complete (as defined in the Lease). Upon Tenant's review and confirmation of the Tenant Improvement costs in accordance with Section 10 below, the Total TI Repayment Amount and Monthly TI Repayment amount shall be adjusted for payments coming due thereafter. At Tenant's election, such payment may be made (a) in a lump sum, or (b) in equal monthly payments, amortized over the first sixty (60) months of the Lease at the TI Amortization Rate. Tenant may, at any time during the Term, prepay all or any portion of the Total TI Costs in excess of the Landlord's TI Allowance and pay any remaining amount in equal monthly payments, amortized over the remaining months of the first sixty (60) months of the Lease at the TI Amortization Rate.
- 6.4 Base Rent Credit for Unused Portions of Landlord's TI Allowance. If the Total TI Costs are less than the Landlord's TI Allowance, then the amount of any unused portion of the Landlord's TI Allowance shall be applied as a credit against the next installment(s) of Base Rent due under the Lease.

7. Construction of Tenant Improvements.

- 7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum A hereto, such work shall be considered a Tenant Improvement and shall be paid for with Landlord's TI Allowance or Tenant's TI Contribution.
- 7.2 Bids. Unless waived by Tenant in writing, any Major Contractors, providing services 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 modular office furniture system, if applicable, in accordance with Section 9.1 below. "Major Contractors" shall mean the Contractor, Architect, signage contractor and modular furniture contractor, and

shall not include any other contractor, nor shall it include any subcontractors or material supplier.

- 7.3 Permits. In conjunction with the Contractor, Landlord shall obtain the approval of all applicable governmental authorities and all permits required for the Tenant Improvements, promptly after the City's final plan check. Tenant shall cooperate as requested in obtaining such permits.
- 7.4 Commencement of Construction. The Contractor shall commence construction of the Tenant Improvements within twenty-one (21) calendar days after of the Contractor obtains the building permit for the Tenant Improvements or as soon as reasonably practicable thereafter. 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 or Tenant Delays (as defined below).
- 7.5 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:
- (a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant in compliance with California Civil Code Section 8444.
 - (b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, flooring and base, and any other decor selection efforts required by Tenant, shall be provided by Landlord, paid from Landlord's TI Allowance or Tenant's TI Contribution, in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions to the extent not specified in the Space Plan.
 - (c) Warranties. Landlord warrants that the Tenant Improvements shall be free from any defects in workmanship and materials for a period of not less than two (2) years from the date of Substantial Completion (as defined in the Lease). Landlord shall request that each contractor and subcontractor to provide warranties of like duration in all construction contracts relating to the Tenant Improvements. Patent defects in the Tenant Improvements shall be brought to Landlord's attention promptly. Latent or hidden defects in the Tenant Improvements shall be brought to Landlord's attention promptly upon Tenant's becoming aware of such defects. During the applicable warranty period, Landlord, at Landlord's sole cost and expense, shall promptly cause such defects to be repaired following receipt of notice thereof, and Tenant shall have the same rights with respect thereto as set forth herein for all other punch-list items.
 - (d) Clean-Up. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises or in other areas utilized by Landlord or its contractors, and Landlord agrees to reimburse Tenant for any and all expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably

determined by Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up.

- (e) Compliance with Laws. Landlord shall construct the Tenant Improvements in compliance 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 for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Landlord and Tenant shall use reasonable good faith efforts to coordinate the work of their respective contractors to achieve timely completion of the Tenant Improvements and Tenant's installation work.

- 7.6 Completion/Close Out. The Premises shall not be considered Substantially Complete until the Tenant Improvements have been completed in accordance with the Final Plans and Section 4.1 of the Lease, subject only to the completion of minor punch-list items that will not interfere with Tenant's use and occupancy of the Premises for Tenant's permitted and intended use under the Lease. Upon Substantial Completion of the Tenant Improvements, Landlord shall notify Tenant in writing and, within fourteen (14) calendar days of Tenant's receipt of such notice, Landlord and Tenant shall conduct a "walk-through" inspection of the Premises and prepare a punch-list of known or apparent deficiencies or incomplete work required to be corrected or completed by Landlord. Landlord, at Landlord's sole cost and expense, shall cause all punch-list items to be repaired or completed as soon as possible, but in no event later than forty-five (45) calendar days following the walk-through inspection. If Landlord fails to complete any of the punch-list items

within such 45-day period, then Tenant, in addition to its other rights and remedies under the Lease, after giving ten (10) calendar days written notice to Landlord, shall have the right, but not the obligation, to cause such punch-list items to be completed, with the cost thereof plus ten percent (10%) for Tenant's overhead and supervision to be deducted from the next installment(s) of rent or other amounts payable by Tenant under the Lease.

7.7 **Conformed Plans.** Within sixty (60) calendar days after Substantial Completion of the Tenant Improvements and Landlord's receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted in an AutoCAD 2015 (or later version) format, along with one complete set of plans and specifications Adobe PDF electronic format via USB flash drive and set up of a web-based download link.

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

9. **Furniture System.**

9.1 Upon execution of the Lease, Tenant shall deliver to Landlord 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, such acceptance not to be unreasonably withheld. 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.

- 9.2 Alternatively, Tenant may elect to finance the cost of modular furniture through lease-purchase financing with a third-party lender ("Creditor"), with Tenant being solely responsible for such costs. 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:

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 Tenant.

Landlord must receive written notice from Creditor of any plan by Creditor to install the Personal Property or remove the Personal Property from the Building.

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.

Landlord hereby waives any right to gain possession of any of Personal Property during the term of the Lease.

10. **Total TI Costs Adjustment and Right to Audit.** Within seven (7) calendar days of the later of (i) Landlord's final payment to contractors and subcontractors, or (ii) the issuance of a Certificate of Occupancy (or similar certification, as and to the extent applicable in the City) for the Premises or a final sign-off by the City, whichever occurs first, Landlord shall provide to Tenant (a) all documentation substantiating all Tenant Improvements expenses, including without limitation, receipts, invoices, proof of payment, unconditional lien releases and approved changed orders, and (b) a statement showing (x) all Total TI Costs in reasonable detail and sorted into the same line items as the Final TI Cost Summary, and (y) the amount of Total TI Costs that is in excess of Landlord's TI Allowance and payable hereunder by Tenant to Landlord. Tenant shall have the right to review and confirm the Total TI Costs within thirty (30) days after Landlord provides the items described in (a) and (b) hereof. If the review shows any discrepancy in the Total TI Repayment Amount, and if Landlord does not contest the results of the review within sixty (60) days after Landlord's receipt of the review summary, then appropriate adjustments shall be made to the Monthly TI Repayment Amount and Tenant may apply any agreed amount of overpayment as a credit against the next installment(s) of Monthly TI Repayment Amount.

Landlord shall require the Contractor to include audit provisions to allow Tenant to audit the Contractor's books and records with respect to the Tenant Improvements

11. **Telephone/Computer Room and Equipment.** Landlord shall complete the infrastructure for telephone equipment room(s), including permanent power and HVAC (not including

equipment or cabling), Low-Voltage Plan and specifications provided by Tenant and approved by Landlord in its reasonable discretion, at least thirty (30) calendar days prior to the Estimated Commencement Date. For the avoidance of doubt, the parties agree that Tenant, at Tenant's sole cost and expense, will be solely responsible for sourcing, purchasing and installing telecommunications equipment.

12. Delay.

12.1 Tenant Delays and Force Majeure Delays. Except as set forth in this Section 12, Tenant shall not be charged as a result of any delay in the construction of Tenant Improvements. Subject to the provisions of Section 12.2, the Estimated Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (a) Tenant fails or refuses to give information, authorizations or approvals within the time periods required herein, but only to the extent such delays are "critical path" delays (i.e., 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 strikes, lockouts, labor disputes, acts of God (including but not limited to lightning, earthquake, fire, storm, tornado, flood or washout), explosion, civil disturbance, act of a public enemy, sabotage, acts of war, terrorist acts, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, governmental laws, regulations or restrictions, casualty, actual or threatened public health emergency (including, without limitation, epidemic, pandemic, famine, disease, plague, quarantine, and other significant public health risk), governmental edicts, actions, declarations or quarantines by a governmental entity or health organization (including, without limitation, any shelter-in-place orders, stay at home orders or any restrictions on travel related thereto), national or regional emergency, breaches in cybersecurity, and similar causes beyond the reasonable control of Landlord, whether such events are foreseeable or unforeseeable (referred to herein as "Force Majeure Delay(s)"); provided, however, that if the Estimated Commencement Date is delayed and there are Tenant Delays in excess of thirty (30) calendar days, then the rental abatement period during months 1-6 of the initial Term shall be reduced on a day-for-day basis for each day of Tenant Delays in excess of thirty (30) calendar days. As used herein, "Tenant Delay" shall include any delay caused by Tenant, including but not limited to (i) Tenant's failure or refusal to give information, authorizations or approvals within the time periods required herein, (ii) additional time required to comply with Tenant-Requested Changes, including the time required for Landlord to comply with the terms applicable to Change Authorizations, and (iii) any other delays that are described herein as a "Tenant Delay." By way of example, and without limitation, in the event that Tenant does not respond to any time-based obligations described herein (including but not limited to submissions and requests for responses to Landlord's submissions or authorizations) by the time allotted, the number of days following Tenant's failure being considered "Tenant Delays" (i.e., if Tenant is obligated to approve or reject a submission within ten (10) calendar days, and Tenant does not do so for twenty (20) calendar days, ten (10) calendar days will be considered Tenant Delays, or, if Tenant responds within such ten (10) calendar day period with a rejection but without giving detailed reasons for such

rejection, the number of days until Tenant provided detailed reasons for rejection will be considered Tenant Delays.

12.2 Limitations.

- (a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless, within a reasonable period of time after the event giving rise to such claim, Landlord shall provide Tenant with written notice in compliance with the Lease specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction, or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred, from the date specified in the notice from Landlord.
- (b) Mitigation. Tenant Delays and Force Majeure Delays shall delay the Estimated Commencement Date only if Substantial Completion of the Tenant Improvements is delayed.
- (c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only if they are not concurrent with any other Tenant Delay or Force Majeure Delay that is effective hereunder. For example, if fourteen (14) calendar days of Tenant Delays and six (6) calendar days of Force Majeure Delays occur during the same fourteen (14) calendar day period, then the Estimated Commencement Date would be extended by only fourteen (14) calendar days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, then the Estimated Commencement Date would be extended by twenty (20) calendar days.
- (d) Change Authorizations. Landlord may not claim that a Tenant-Requested Change was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the executed Change Authorization and affects the Construction Schedule.
- (e) Work Scope Precedence. In case of conflicts or discrepancies between or among this Landlord Work Letter, plans, and specifications, plans shall supersede specifications for quantity, specifications shall supersede plans for quality, and this Landlord Work Letter shall supersede both plans and specifications.

13. Tenant Remedies. If the Tenant Improvements have not been completed within one hundred twenty (120) calendar days after the Estimated Commencement Date, then Tenant may, at its option:

- 13.1 Cancel the Lease upon thirty (30) calendar days' written notice to Landlord; or

- 13.2 Upon thirty (30) calendar days' written notice to Landlord, assume the responsibility for constructing and/or completing the Tenant Improvements itself. If Tenant elects to construct or complete the Tenant Improvements itself, then:
- (a) Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto;
 - (b) Tenant shall forfeit any unspent portion of Landlord's TI Allowance, and 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 (not to exceed 3%) ("Tenant's Total Expense"); provided that Tenant's Total Expense shall not exceed the difference between the unspent amount of Landlord's TI Allowance and the amount of Landlord's TI Allowance that was already spent, plus 3% of such amount as an administrative cost. The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five (5) years and deducted from the Base Rent payable under the Lease.

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

14. Representatives.

- 14.1 Tenant Representative. Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.
- 14.2 Landlord Representative. Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.

15. Elevator Usage During Move-In. In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements during the early entry period set forth in Section 4.3 of the Lease, (a) Landlord shall cause to be made operational a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of one (1) passenger elevator in the elevator bank that services the Premises in order to assist Tenant in the installation

of Tenant's fixtures, furniture and equipment. Any elevator usage provided under this Section 15 shall be at no cost to Tenant.

16. Construction Meetings. During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place that is mutually convenient. An initial construction meeting shall be held within seven (7) calendar days after the date the Contractor is selected. Landlord shall instruct Contractor to provide minutes of each construction meeting to Tenant within a reasonable time thereafter, but not later than three (3) business days after the date of the construction meeting.

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


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

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

LANDLORD:

WCCP DEL AMO, LLC,
a California limited liability company

By: **WCCP Asset Management, LLC,**
a California limited liability company
Its Manager

By: 

Scott Douglas, Manager

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Officer

ADDENDUM A To Landlord's Work Letter
BASE BUILDING IMPROVEMENTS

The Building will include the following:

- (a) the Building shell and exterior, including perimeter window systems and mullions in good condition;
- (b) Mechanical, electrical, sprinkler, plumbing, Fire life safety, heating, air conditioning, ventilation and structural systems within the Building core, as currently existing;
- (c) ADA compliant toilet rooms on the 2nd floor of the Building only, per code with new finishes, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (d) Drywall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows. Also included:
 - (e) public stairways;
 - (f) passenger and freight elevators;
 - (g) parking facilities;
 - (h) ground floor lobby;
 - (i) finished elevator lobbies (with carpet, lights, finished walls and ceiling) on 2nd floor only;
 - (j) exterior plazas and landscaping;
 - (k) loading dock and/or area;
 - (l) electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power;
 - (m) conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets on floors 1st, 2nd 4th and 5th, in which case Landlord, at no cost to Tenant and without deduction from Landlord's TI Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);
 - (n) two (2) 208/120 and one (1) 480/277 Volt (VAC) panels connected to the Building power system;
 - (o) Building mechanical equipment room with ducted mechanical exhaust system;
 - (p) subject to Section 2.2(c) of Landlord's Work Letter, concrete floors with troweled finish ready for Tenant's floor finish (with existing floor coverings to be removed as part of Tenant Improvements);

- (q) standard window coverings;
- (r) primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core; provided, that the cost of reworking the existing ducts shall be Tenant Improvements, not Base Building Improvements (Tenant acknowledges and understands that notwithstanding the above, unlike the other floors, the 1st floor is served with water source heat pumps);
- (s) hot and cold air loops located within the Premises; provided, that the cost of reworking the existing hot and cold air loops shall be Tenant Improvements, not Base Building Improvements;
- (t) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises; provided, that the cost of reworking the existing secondary piping and sprinkler heads shall be Tenant Improvements, not Base Building Improvements;
- (u) primary fire-life safety enunciation system “backbone” and panels suitable for Tenant’s secondary distribution;
- (v) access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for LED lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and
- (w) Drywall on the service core walls, columns and sills in the Premises, as currently existing.

ADDENDUM B To Landlord's Work Letter
TENANT IMPROVEMENTS

Tenant improvements shall include:

Tenant ceilings and lighting;

- (a) Floor finish in the Premises (except elevator lobbies and public corridors on multi-tenant floors and toilet rooms);
- (b) Interior finishes of any kind within the Premises (except elevator lobbies and public corridors on multi-tenant floors and core area toilet rooms);
- (c) Interior partitions, doors and hardware within the Premises;
- (d) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- (e) Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor; provided, that Tenant, at Tenant's sole cost and expense, will be solely responsible for sourcing, purchasing and installing all computers, cabling and telecommunications equipment;
- (f) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (g) Any and all signs for Tenant and the power therefor;
- (h) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (i) Additional and/or above standard electrical capacity;
- (j) Reworking secondary piping and sprinkler heads as required for the Premises;
- (k) 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; Demising of common walls on 1st and 2nd floors; and
- (l) Fiber optic access.
- (m) Demolition and removal of any as currently existing improvements or equipment situated within the Premises, unless the Final Plans show that such improvements and/or equipment will remain in the Premises.

ADDENDUM C To Landlord's Work Letter
PRELIMINARY AND FINAL TI COST SUMMARY

___ Preliminary TI Cost Summary Lease No. _____

___ Final TI Cost Summary Address _____

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

EXHIBIT J
PARKING AREAS
(attached)



HOA.104792006.5

Exhibit J
PARKING AREAS

145374.00003/134869549v.11

LANDLORD'S WORK LETTER

For

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

**COUNTY OF LOS ANGELES, as Tenant
WCCP DEL AMO LLC, as Landlord**

Property Address: 3501 SEPULVEDA BOULEVARD, TORRANCE, CA

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease Agreement (the "Lease") dated _____, 2024, executed concurrently herewith, by and between WCCP DEL AMO LLC, a California limited liability company, 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 Word Letter Information.** The following terms as used herein shall have the meaning provided in this Section unless otherwise specifically modified by provisions of this Work Letter.
 - (a) Total TI Costs \$12,806,070 (i.e., \$185 per rentable square foot of the Premises)
 - (i) Landlord's TI Allowance \$6,922,200 (i.e., \$100 per rentable square foot of the Premises)
 - (ii) Tenant's TI Contribution \$5,883,870 (i.e., \$85 per rentable square foot of the Premises)
 - (b) TI Amortization Rate and Change Authorization Amortization Rate: Fixed eight percent (8%) per annum
 - (c) Tenant's Work Letter Representative Edgar Pejoro or an assigned staff person of the Chief Executive Office-Real Estate Division
 - (d) Landlord's Work Letter Representative Scott Douglas or an assigned staff person of the Landlord
 - (e) Landlord's Address for Work Letter Notices WCCP DEL AMO LLC
25500 Hawthorne Blvd., Suite 2250
Torrance, CA 90505
Email: sdouglas@westcoastcap.com
 - (f) 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 be considered Tenant Improvements (as defined below), the cost of which shall be paid from Landlord's TI Allowance or Tenant's TI Contribution unless such changes or additions are specifically set forth on Addendum A attached hereto or otherwise specifically described herein as Base Building Improvements.

2.2 Additional 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 as necessary to comply with Landlord's obligations under Section 8 of the Lease that Landlord would not have incurred if the Building had been in compliance with such codes, then such costs shall be allocated as set forth in Section 8 of the Lease.
- (b) The costs of any work that Landlord must undertake in order to comply with Landlord's obligations under Section 8 of the Lease shall be allocated as set forth in Section 8 of the Lease. 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.
- (c) Costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease, and (v) supervision or overhead costs of Landlord in connection with the items described in this subsection (b) shall be allocated in accordance with Section 8 of the Lease.
- (d) Landlord shall be solely responsible for all costs and expenses necessary to increase and / or maintain permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, and live loads to the extent Tenant's usage is typical for general office use; provided, however that if Tenant intends to have libraries, file rooms and/or live loads that are materially heavier than typical office use, Tenant shall be solely responsible

for all costs incurred in connection with increasing or maintaining additional structural floor loading in order to accommodate Tenant's needs, and such costs shall be paid with Landlord's TI Allowance or Tenant's TI Contribution; provided, that the cost of reworking such secondary piping and sprinkler heads shall be Tenant Improvements, not Base Building Improvements).

- 2.3 **Base Building Plans.** Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2015 (or later version) and Adobe PDF electronic format via USB flash drive and set-up of a web-based download link. If Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, then any delay caused thereby shall not be a Tenant Delay (as defined below).
- 2.4 **Survey.** Where 'as-built' plans are missing, Landlord must perform a survey of existing space, which shall include existing floor plans and mechanical, electrical, and plumbing systems. The survey shall be at Landlord's sole cost and expense. Landlord shall submit such survey to the Tenant such that the initial Space Plan (as defined in Section 5.1) can be modified to conform to the existing conditions.
3. **Selection of Architect.** Landlord shall not proceed with any bid solicitation for architectural services until the Space Plan is furnished to the Landlord. Not later than sixty (60) calendar days after the later of the full execution and delivery of the Lease and Landlord's receipt of the Space Plan, Landlord shall solicit at least three (3) proposals from qualified licensed architects familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings (as defined below). One such architect shall be Jodi Reese, IIDA, Landlord's architect, and, at Tenant's request, one such architect shall be the architect that prepared Tenant's Space Plan. Landlord shall select an architect from the three (3) bidders, subject to Tenant's acceptance, which shall not be unreasonably withheld, and which acceptance (or rejection for reasonable reasons) shall be granted within five (5) calendar days after Landlord has submitted the name of the selected architect to Tenant, together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until Tenant accepts an architect (the "Architect"), and Tenant's written acceptance has been delivered to and received by Landlord. As used herein, the "Architect" shall mean the architect chosen in accordance with the procedures set forth herein. Within twenty-one (21) calendar days after Tenant's approval of the Final Plans (as defined below), Landlord shall submit the Final Plans to the City of Torrance (the "City") for review and approval.
4. **Selection of Contractor.** Within twenty-one (21) calendar days after receipt of first plan check comments from the City, a proposed construction contract prepared by the Architect shall be submitted to a sufficient number of qualified contractors, selected by Landlord, so that a minimum of three (3) bids are received. Each contractor shall be requested to submit a sealed fixed price contract bid price (on an American Institute of Architects (AIA) form) to construct the Tenant Improvements depicted on the Final Plans. Landlord shall select the most qualified bidder offering the lowest price after adjustments for inconsistent assumptions, and Landlord shall submit all bids, along with Landlord's recommendation, to Tenant for Tenant's review and acceptance, which acceptance shall not be unreasonably withheld, and which acceptance (or rejection for reasonable reasons) shall be granted within ten (10) calendar days after Landlord submits the bids to Tenant.

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 include a space plan, including 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, mechanical rooms housing Tenant's computer servers and related equipment, mini-service kitchens, and the reception area, library, and file room (the "Space Plan").
- 5.2 Preparation and Review of Working Drawings. Within thirty (30) calendar days after the selection of the Architect, 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, (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 (such approval not to be unreasonably withheld, conditioned or delayed). Landlord shall provide Tenant the Working Drawings, or such portion thereof as has been submitted, for Tenant's review and acceptance. As between Landlord and Tenant, Landlord shall be solely responsible for enforcing Architect's obligations to make 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. Landlord shall cause the Architect to coordinate with the Engineer and to integrate all engineering drawings prepared by the Engineer, including but not limited to complete mechanical, electrical, and plumbing plans ("Engineering Drawings"), into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review and acceptance.
- 5.4 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has accepted the Engineering Drawings, Landlord shall cause the Architect to integrate the accepted Working Drawings with the accepted Engineering Drawings (collectively "Final Plans") and deliver the Final Plans to Tenant for Tenant's review in an AutoCAD 2015 (or later version) and Adobe PDF electronic format via USB flash drive and set-up a web-based download link. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with

the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements), power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements. Landlord's review of the Space Plan, Working Drawings, Engineering Drawings, and Final Plans shall be at Landlord's sole cost and expense.

- 5.5 Tenant's Plan Review and Acceptance. Tenant shall accept or reject the Working Drawings, the Engineering Drawings and the Final Plans within 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 correctness of the design of the Tenant Improvements, which shall be the responsibility of the professionals preparing such drawings and plans.
- 5.6 Schedule. Within twenty-one (21) calendar days after selection of a Contractor, Landlord and the Contractor shall submit to Tenant a detailed baseline construction schedule, setting forth the projected completion dates of certain project milestones, including but not limited to issuance of building permit (if not already issued), construction commencement date, interim schedule milestone dates, and the date of Substantial Completion. The schedule shall be apportioned by construction activity and include time required for the completion of each portion of the work. As the construction continues, Landlord shall amend the construction schedule at least once each month to reflect any changes to the projected dates, and Landlord shall promptly submit the revised construction schedules to Tenant. If the amended construction schedule identifies delays to the project's critical path, the Landlord shall provide a recovery schedule and/or request for a contract time extension. Tenant acknowledges that the schedules described herein, including the schedule described in Section 5.6, are estimates and Landlord cannot control numerous factors in the construction process, including but not limited to the speed with which Tenant responds to requests for approvals, changes to be requested by Tenant, the timing of obtaining City approvals, availability of labor and materials, and any Tenant Delays and Force Majeure Events (as defined below).
- 5.7 Submittals. The Landlord shall submit to Tenant any Shop Drawings, Product Data Sheets / Samples or similar submittals required by the Final Plans in coordination with the construction schedule and with reasonable promptness, so as not to cause any delay in the construction of the Tenant Improvements. The purpose of Shop Drawings, Product Data, Samples and similar submittals is to demonstrate the way by which the Contractor proposes to construct a design concept expressed in the

Final Plans. "Shop Drawings" include drawings, diagrams, schedules and other data specially prepared by the Contractor or a subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Tenant Improvements. "Product Data Sheets / Samples" include illustrations, summary performance charts, instructions, brochures, diagrams, manufacturer specifications and other information furnished by the Landlord to illustrate materials or equipment for some portion of the Tenant Improvements. "Samples" are physical examples that illustrate materials, equipment or workmanship for some portion of the Tenant Improvements. The Contractor shall construct no portion of the Tenant Improvements for which the Final Plans require submittal and review of Shop Drawings, Product Data, Samples or similar submittals until the respective submittal has been reviewed and accepted by the Architect.

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

6.1 Cost Summary. Within thirty (30) calendar days of receiving the Space Plan, 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 thirty (30) calendar 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 (but only to the extent such costs are inconsistent with the accepted Contractor's bid); provided, however, that any proposed increase to Tenant's TI Contribution shown on the Final TI Cost Summary shall not be effective unless approved in a separate written agreement executed by Landlord and Tenant. Construction of the Tenant Improvements shall not begin until Tenant accepts the Final TI Cost Summary in writing. If Tenant rejects the Final TI Cost Summary due to matters related to cost and the Final TI Cost Summary is ten percent (10%) or more in excess of the total Landlord's TI Allowance and Tenant's TI Contribution, then, (i) at Tenant's request, Landlord, in conjunction with the Architect and the Engineer, shall redesign the Tenant Improvements so as not to exceed the total of Landlord's TI Allowance plus Tenant's TI Contribution, the expenses of which will be paid out of Landlord's TI Allowance or Tenant's TI Contribution, and (ii) if Tenant makes such request, the Estimated Commencement Day shall be extended on a day-for-day basis for each day of delay due to the redesign process.

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." As used herein, "Total TI Costs" shall mean the total amount spent on Tenant Improvements, all of which must not exceed the sum of Landlord's TI Allowance and Tenant's TI Contribution. As used herein, "TI Construction Costs" shall mean the Total TI Costs minus all Tenant Expenses (as defined below). TI Construction Costs shall be paid from Landlord's TI Allowance, up to the total amount of Landlord's TI Allowance. If the TI Construction Costs exceed Landlord's TI

Allowance, then the overage shall be paid from Tenant's TI Contribution. Any remaining amounts of Tenant's TI Contribution may be used for Tenant Expenses (as defined below). If the TI Construction Costs and Tenant Expenses exceed the Landlord Improvement Allowance and Tenant TI Contribution, Tenant shall be solely responsible for payment of any overage. As used herein, "Tenant Expenses" shall mean, collectively, (i) decorative costs, as described in Section 7.5(b), (ii) the cost of furniture (other than modular furniture which shall be a TI Construction Cost), equipment (including telecom equipment), computers, and any other items marked on Addendum B as "FF&E", and (iii) any costs incurred in connection with Change Authorizations for Tenant-Requested Changes (as such terms are defined below).

- 6.3 Method of Payment. Tenant shall be obligated to pay Landlord that portion of Tenant's TI Contribution used to pay for any Total TI Costs in excess of Landlord's TI Allowance (the "Total TI Repayment Amount"), with the first monthly payment ("Monthly TI Repayment Amount") being due and payable thirty (30) calendar days after the Tenant Improvements are Substantially Complete (as defined in the Lease). Upon Tenant's review and confirmation of the Tenant Improvement costs in accordance with Section 10 below, the Total TI Repayment Amount and Monthly TI Repayment amount shall be adjusted for payments coming due thereafter. At Tenant's election, such payment may be made (a) in a lump sum, or (b) in equal monthly payments, amortized over the first sixty (60) months of the Lease at the TI Amortization Rate. Tenant may, at any time during the Term, prepay all or any portion of the Total TI Costs in excess of the Landlord's TI Allowance and pay any remaining amount in equal monthly payments, amortized over the remaining months of the first sixty (60) months of the Lease at the TI Amortization Rate.
- 6.4 Base Rent Credit for Unused Portions of Landlord's TI Allowance. If the Total TI Costs are less than the Landlord's TI Allowance, then the amount of any unused portion of the Landlord's TI Allowance shall be applied as a credit against the next installment(s) of Base Rent due under the Lease.

7. Construction of Tenant Improvements.

- 7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum A hereto, such work shall be considered a Tenant Improvement and shall be paid for with Landlord's TI Allowance or Tenant's TI Contribution.
- 7.2 Bids. Unless waived by Tenant in writing, any Major Contractors, providing services 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 modular office furniture system, if applicable, in accordance with Section 9.1 below. "Major Contractors" shall mean the Contractor, Architect, signage contractor and modular furniture contractor, and

shall not include any other contractor, nor shall it include any subcontractors or material supplier.

- 7.3 Permits. In conjunction with the Contractor, Landlord shall obtain the approval of all applicable governmental authorities and all permits required for the Tenant Improvements, promptly after the City's final plan check. Tenant shall cooperate as requested in obtaining such permits.
- 7.4 Commencement of Construction. The Contractor shall commence construction of the Tenant Improvements within twenty-one (21) calendar days after of the Contractor obtains the building permit for the Tenant Improvements or as soon as reasonably practicable thereafter. 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 or Tenant Delays (as defined below).
- 7.5 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:
- (a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant in compliance with California Civil Code Section 8444.
 - (b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, flooring and base, and any other decor selection efforts required by Tenant, shall be provided by Landlord, paid from Landlord's TI Allowance or Tenant's TI Contribution, in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions to the extent not specified in the Space Plan.
 - (c) Warranties. Landlord warrants that the Tenant Improvements shall be free from any defects in workmanship and materials for a period of not less than two (2) years from the date of Substantial Completion (as defined in the Lease). Landlord shall request that each contractor and subcontractor to provide warranties of like duration in all construction contracts relating to the Tenant Improvements. Patent defects in the Tenant Improvements shall be brought to Landlord's attention promptly. Latent or hidden defects in the Tenant Improvements shall be brought to Landlord's attention promptly upon Tenant's becoming aware of such defects. During the applicable warranty period, Landlord, at Landlord's sole cost and expense, shall promptly cause such defects to be repaired following receipt of notice thereof, and Tenant shall have the same rights with respect thereto as set forth herein for all other punch-list items.
 - (d) Clean-Up. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises or in other areas utilized by Landlord or its contractors, and Landlord agrees to reimburse Tenant for any and all expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably

determined by Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up.

- (e) Compliance with Laws. Landlord shall construct the Tenant Improvements in compliance 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 for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Landlord and Tenant shall use reasonable good faith efforts to coordinate the work of their respective contractors to achieve timely completion of the Tenant Improvements and Tenant's installation work.

- 7.6 Completion/Close Out. The Premises shall not be considered Substantially Complete until the Tenant Improvements have been completed in accordance with the Final Plans and Section 4.1 of the Lease, subject only to the completion of minor punch-list items that will not interfere with Tenant's use and occupancy of the Premises for Tenant's permitted and intended use under the Lease. Upon Substantial Completion of the Tenant Improvements, Landlord shall notify Tenant in writing and, within fourteen (14) calendar days of Tenant's receipt of such notice, Landlord and Tenant shall conduct a "walk-through" inspection of the Premises and prepare a punch-list of known or apparent deficiencies or incomplete work required to be corrected or completed by Landlord. Landlord, at Landlord's sole cost and expense, shall cause all punch-list items to be repaired or completed as soon as possible, but in no event later than forty-five (45) calendar days following the walk-through inspection. If Landlord fails to complete any of the punch-list items

within such 45-day period, then Tenant, in addition to its other rights and remedies under the Lease, after giving ten (10) calendar days written notice to Landlord, shall have the right, but not the obligation, to cause such punch-list items to be completed, with the cost thereof plus ten percent (10%) for Tenant's overhead and supervision to be deducted from the next installment(s) of rent or other amounts payable by Tenant under the Lease.

7.7 **Conformed Plans.** Within sixty (60) calendar days after Substantial Completion of the Tenant Improvements and Landlord's receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted in an AutoCAD 2015 (or later version) format, along with one complete set of plans and specifications Adobe PDF electronic format via USB flash drive and set up of a web-based download link.

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

9. **Furniture System.**

9.1 Upon execution of the Lease, Tenant shall deliver to Landlord 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, such acceptance not to be unreasonably withheld. 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.

- 9.2 Alternatively, Tenant may elect to finance the cost of modular furniture through lease-purchase financing with a third-party lender ("Creditor"), with Tenant being solely responsible for such costs. 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:

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 Tenant.

Landlord must receive written notice from Creditor of any plan by Creditor to install the Personal Property or remove the Personal Property from the Building.

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.

Landlord hereby waives any right to gain possession of any of Personal Property during the term of the Lease.

10. **Total TI Costs Adjustment and Right to Audit.** Within seven (7) calendar days of the later of (i) Landlord's final payment to contractors and subcontractors, or (ii) the issuance of a Certificate of Occupancy (or similar certification, as and to the extent applicable in the City) for the Premises or a final sign-off by the City, whichever occurs first, Landlord shall provide to Tenant (a) all documentation substantiating all Tenant Improvements expenses, including without limitation, receipts, invoices, proof of payment, unconditional lien releases and approved changed orders, and (b) a statement showing (x) all Total TI Costs in reasonable detail and sorted into the same line items as the Final TI Cost Summary, and (y) the amount of Total TI Costs that is in excess of Landlord's TI Allowance and payable hereunder by Tenant to Landlord. Tenant shall have the right to review and confirm the Total TI Costs within thirty (30) days after Landlord provides the items described in (a) and (b) hereof. If the review shows any discrepancy in the Total TI Repayment Amount, and if Landlord does not contest the results of the review within sixty (60) days after Landlord's receipt of the review summary, then appropriate adjustments shall be made to the Monthly TI Repayment Amount and Tenant may apply any agreed amount of overpayment as a credit against the next installment(s) of Monthly TI Repayment Amount.

Landlord shall require the Contractor to include audit provisions to allow Tenant to audit the Contractor's books and records with respect to the Tenant Improvements

11. **Telephone/Computer Room and Equipment.** Landlord shall complete the infrastructure for telephone equipment room(s), including permanent power and HVAC (not including

equipment or cabling), Low-Voltage Plan and specifications provided by Tenant and approved by Landlord in its reasonable discretion, at least thirty (30) calendar days prior to the Estimated Commencement Date. For the avoidance of doubt, the parties agree that Tenant, at Tenant's sole cost and expense, will be solely responsible for sourcing, purchasing and installing telecommunications equipment.

12. Delay.

12.1 Tenant Delays and Force Majeure Delays. Except as set forth in this Section 12, Tenant shall not be charged as a result of any delay in the construction of Tenant Improvements. Subject to the provisions of Section 12.2, the Estimated Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (a) Tenant fails or refuses to give information, authorizations or approvals within the time periods required herein, but only to the extent such delays are "critical path" delays (i.e., 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 strikes, lockouts, labor disputes, acts of God (including but not limited to lightning, earthquake, fire, storm, tornado, flood or washout), explosion, civil disturbance, act of a public enemy, sabotage, acts of war, terrorist acts, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, governmental laws, regulations or restrictions, casualty, actual or threatened public health emergency (including, without limitation, epidemic, pandemic, famine, disease, plague, quarantine, and other significant public health risk), governmental edicts, actions, declarations or quarantines by a governmental entity or health organization (including, without limitation, any shelter-in-place orders, stay at home orders or any restrictions on travel related thereto), national or regional emergency, breaches in cybersecurity, and similar causes beyond the reasonable control of Landlord, whether such events are foreseeable or unforeseeable (referred to herein as "Force Majeure Delay(s)"); provided, however, that if the Estimated Commencement Date is delayed and there are Tenant Delays in excess of thirty (30) calendar days, then the rental abatement period during months 1-6 of the initial Term shall be reduced on a day-for-day basis for each day of Tenant Delays in excess of thirty (30) calendar days. As used herein, "Tenant Delay" shall include any delay caused by Tenant, including but not limited to (i) Tenant's failure or refusal to give information, authorizations or approvals within the time periods required herein, (ii) additional time required to comply with Tenant-Requested Changes, including the time required for Landlord to comply with the terms applicable to Change Authorizations, and (iii) any other delays that are described herein as a "Tenant Delay." By way of example, and without limitation, in the event that Tenant does not respond to any time-based obligations described herein (including but not limited to submissions and requests for responses to Landlord's submissions or authorizations) by the time allotted, the number of days following Tenant's failure being considered "Tenant Delays" (i.e., if Tenant is obligated to approve or reject a submission within ten (10) calendar days, and Tenant does not do so for twenty (20) calendar days, ten (10) calendar days will be considered Tenant Delays, or, if Tenant responds within such ten (10) calendar day period with a rejection but without giving detailed reasons for such

rejection, the number of days until Tenant provided detailed reasons for rejection will be considered Tenant Delays.

12.2 Limitations.

- (a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless, within a reasonable period of time after the event giving rise to such claim, Landlord shall provide Tenant with written notice in compliance with the Lease specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction, or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred, from the date specified in the notice from Landlord.
- (b) Mitigation. Tenant Delays and Force Majeure Delays shall delay the Estimated Commencement Date only if Substantial Completion of the Tenant Improvements is delayed.
- (c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only if they are not concurrent with any other Tenant Delay or Force Majeure Delay that is effective hereunder. For example, if fourteen (14) calendar days of Tenant Delays and six (6) calendar days of Force Majeure Delays occur during the same fourteen (14) calendar day period, then the Estimated Commencement Date would be extended by only fourteen (14) calendar days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, then the Estimated Commencement Date would be extended by twenty (20) calendar days.
- (d) Change Authorizations. Landlord may not claim that a Tenant-Requested Change was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the executed Change Authorization and affects the Construction Schedule.
- (e) Work Scope Precedence. In case of conflicts or discrepancies between or among this Landlord Work Letter, plans, and specifications, plans shall supersede specifications for quantity, specifications shall supersede plans for quality, and this Landlord Work Letter shall supersede both plans and specifications.

13. Tenant Remedies. If the Tenant Improvements have not been completed within one hundred twenty (120) calendar days after the Estimated Commencement Date, then Tenant may, at its option:

- 13.1 Cancel the Lease upon thirty (30) calendar days' written notice to Landlord; or

- 13.2 Upon thirty (30) calendar days' written notice to Landlord, assume the responsibility for constructing and/or completing the Tenant Improvements itself. If Tenant elects to construct or complete the Tenant Improvements itself, then:
- (a) Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto;
 - (b) Tenant shall forfeit any unspent portion of Landlord's TI Allowance, and 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 (not to exceed 3%) ("Tenant's Total Expense"); provided that Tenant's Total Expense shall not exceed the difference between the unspent amount of Landlord's TI Allowance and the amount of Landlord's TI Allowance that was already spent, plus 3% of such amount as an administrative cost. The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five (5) years and deducted from the Base Rent payable under the Lease.

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

14. Representatives.

- 14.1 Tenant Representative. Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.
- 14.2 Landlord Representative. Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.

15. Elevator Usage During Move-In. In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements during the early entry period set forth in Section 4.3 of the Lease, (a) Landlord shall cause to be made operational a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of one (1) passenger elevator in the elevator bank that services the Premises in order to assist Tenant in the installation

of Tenant's fixtures, furniture and equipment. Any elevator usage provided under this Section 15 shall be at no cost to Tenant.

16. Construction Meetings. During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place that is mutually convenient. An initial construction meeting shall be held within seven (7) calendar days after the date the Contractor is selected. Landlord shall instruct Contractor to provide minutes of each construction meeting to Tenant within a reasonable time thereafter, but not later than three (3) business days after the date of the construction meeting.

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


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

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

LANDLORD:

WCCP DEL AMO, LLC,
a California limited liability company

By: **WCCP Asset Management, LLC,**
a California limited liability company
Its Manager

By: 

Scott Douglas, Manager

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Officer

ADDENDUM A To Landlord's Work Letter
BASE BUILDING IMPROVEMENTS

The Building will include the following:

- (a) the Building shell and exterior, including perimeter window systems and mullions in good condition;
- (b) Mechanical, electrical, sprinkler, plumbing, Fire life safety, heating, air conditioning, ventilation and structural systems within the Building core, as currently existing;
- (c) ADA compliant toilet rooms on the 2nd floor of the Building only, per code with new finishes, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (d) Drywall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows. Also included:
 - (e) public stairways;
 - (f) passenger and freight elevators;
 - (g) parking facilities;
 - (h) ground floor lobby;
 - (i) finished elevator lobbies (with carpet, lights, finished walls and ceiling) on 2nd floor only;
 - (j) exterior plazas and landscaping;
 - (k) loading dock and/or area;
 - (l) electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power;
 - (m) conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets on floors 1st, 2nd 4th and 5th, in which case Landlord, at no cost to Tenant and without deduction from Landlord's TI Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);
 - (n) two (2) 208/120 and one (1) 480/277 Volt (VAC) panels connected to the Building power system;
 - (o) Building mechanical equipment room with ducted mechanical exhaust system;
 - (p) subject to Section 2.2(c) of Landlord's Work Letter, concrete floors with troweled finish ready for Tenant's floor finish (with existing floor coverings to be removed as part of Tenant Improvements);

- (q) standard window coverings;
- (r) primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core; provided, that the cost of reworking the existing ducts shall be Tenant Improvements, not Base Building Improvements (Tenant acknowledges and understands that notwithstanding the above, unlike the other floors, the 1st floor is served with water source heat pumps);
- (s) hot and cold air loops located within the Premises; provided, that the cost of reworking the existing hot and cold air loops shall be Tenant Improvements, not Base Building Improvements;
- (t) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises; provided, that the cost of reworking the existing secondary piping and sprinkler heads shall be Tenant Improvements, not Base Building Improvements;
- (u) primary fire-life safety enunciation system “backbone” and panels suitable for Tenant’s secondary distribution;
- (v) access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for LED lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and
- (w) Drywall on the service core walls, columns and sills in the Premises, as currently existing.

ADDENDUM B To Landlord's Work Letter
TENANT IMPROVEMENTS

Tenant improvements shall include:

Tenant ceilings and lighting;

- (a) Floor finish in the Premises (except elevator lobbies and public corridors on multi-tenant floors and toilet rooms);
- (b) Interior finishes of any kind within the Premises (except elevator lobbies and public corridors on multi-tenant floors and core area toilet rooms);
- (c) Interior partitions, doors and hardware within the Premises;
- (d) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- (e) Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor; provided, that Tenant, at Tenant's sole cost and expense, will be solely responsible for sourcing, purchasing and installing all computers, cabling and telecommunications equipment;
- (f) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (g) Any and all signs for Tenant and the power therefor;
- (h) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (i) Additional and/or above standard electrical capacity;
- (j) Reworking secondary piping and sprinkler heads as required for the Premises;
- (k) 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; Demising of common walls on 1st and 2nd floors; and
- (l) Fiber optic access.
- (m) Demolition and removal of any as currently existing improvements or equipment situated within the Premises, unless the Final Plans show that such improvements and/or equipment will remain in the Premises.

ADDENDUM C To Landlord's Work Letter
PRELIMINARY AND FINAL TI COST SUMMARY

___ Preliminary TI Cost Summary Lease No. _____

___ Final TI Cost Summary Address _____

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

BOARD LETTER/MEMO CLUSTER FACT SHEET

 Board Letter

 Board Memo

 Other

CLUSTER AGENDA REVIEW DATE	10/30/2024	
BOARD MEETING DATE	11/26/2024	
SUPERVISORIAL DISTRICT AFFECTED	<input type="checkbox"/> All <input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd <input type="checkbox"/> 4 th <input checked="" type="checkbox"/> 5 th	
DEPARTMENT(S)	Department of Children and Family Services	
SUBJECT	10-year new Lease for 51,292 SF at 1140 Commerce Center Drive, Lancaster, CA	
PROGRAM	Lancaster 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:	
SB 1439 SUPPLEMENTAL DECLARATION FORM REVIEW COMPLETED BY EXEC OFFICE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – Not Applicable	
DEADLINES/ TIME CONSTRAINTS		
COST & FUNDING	Total cost: \$34,425,000 for initial 10 years. If both options to extend are exercised, total cost will be \$60,568,000	Funding source: The rental costs will be funded by 45 percent State and Federal funds and 55 percent by net County cost (NCC)
	TERMS (if applicable): The proposed lease will have an estimated maximum first year base rental cost is \$1,693,000, but with a one month rent abatement of \$142,000, will equal \$1,551,000, where the landlord will be responsible for all operating expenses, including utilities, janitorial, repair and maintenance to the building.	
	Explanation: The TIs for the proposed lease are expected to be completed in Fiscal Year 2025-26. Future funding for the costs associated with the proposed lease will be addressed through the annual budget process for DCFS.	
PURPOSE OF REQUEST	Approval of the recommended action will authorize and provide use of office space for the Lancaster Regional Office.	
BACKGROUND (include internal/external issues that may exist including any related motions)	The proposed lease at the Premises will serve as a replacement site for DCFS' existing location at 300 East Avenue K-6, Lancaster which is owned by a landlord of concern. Upon completion of the TIs and relocation of the program from the existing site, County will terminate the existing lease.	
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"

November 26, 2024

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

Dear Supervisors:

**TEN-YEAR LEASE
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
1140 COMMERCE CENTER DRIVE, LANCASTER
(FIFTH DISTRICT) (3 VOTES)**

SUBJECT

Approval of a proposed new ten-year lease for 51,292 square feet of office space, and 180 on-site parking spaces for the Department of Children and Family Services (DCFS), Lancaster Regional Office.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease is exempt from the California Environmental Quality Act (CEQA) for the reasons stated in this Board letter and in the record of the project.
2. Authorize the Chief Executive Officer, or her designee, to execute the proposed lease with Chase Lancaster Services, LP, a California limited partnership (Landlord), for approximately 51,292 square feet of office space, and 180 on-site parking spaces located at 1140 Commerce Center Drive, Lancaster (Premises) to be occupied by DCFS. The proposed lease is for a term of ten years. The estimated maximum first year base rental cost is \$1,693,000, but with a one month rent abatement of approximately \$142,000, will equal \$1,551,000. The estimated total proposed lease costs, including tenant improvement costs and low-voltage costs, is \$34,425,000 over the ten-year term. The rental costs will be funded by 45 percent State and Federal funds and 55 percent by net County cost (NCC) that is already included in DCFS' existing budget. DCFS will not be requesting additional NCC for this action.

3. Authorize the Chief Executive Officer, or her designee, to reimburse the Landlord up to \$5,643,000 for the County's Tenant Improvement (TI) contribution, if paid in a lump sum or \$6,865,000 if amortized over five years at 8 percent interest per annum.
4. Authorize the Director of DCFS to contract with and direct the Internal Services Department (ISD), in coordination with the Chief Executive Officer, or her designee, for the acquisition and installation of telephone, data, and low-voltage systems and vendor installation (Low-Voltage Items) at a total cost not to exceed \$6,800,000 if paid in a lump sum or \$8,273,000 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.
5. 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 proposed lease, including, without limitation, exercising any early termination rights and options to extend at fixed annual increases of 3 percent.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DCFS is currently located at 300 East Avenue K-6, Lancaster. The proposed lease at the Premises will serve as a replacement site for DCFS' Lancaster Regional Center. The Lancaster Regional Office is one of 21 regional offices that provide a full-service child protection system dedicated to the safety and well-being of children in the Antelope Valley. Services provided include emergency response, family maintenance and reunification, and children's social workers. The smaller programs working in collaboration at this location with Lancaster Regional Office include the Coordinated Services Action Team, Child and Family Team, Juvenile Probation, Adoption and Safe Families Act staff, and contracted educational liaisons. Additionally, other County departments that collaborate at the Lancaster Regional Center are the Departments of Mental Health, Health Services, Public Health, and Public Social Services.

DCFS has implemented telework where possible. The proposed Premises will have 445 employees assigned at the Premises, which includes 61 positions that have implemented telework. There will be 300 workstations at the proposed Premises. On-site coverage is needed for services such as client interviews and supervised visitation. Children's social workers must be present daily. Additionally, DCFS requires secured space to access and maintain confidential files, which may not be removed from the office.

The subject Premises continues to meet DCFS' requirements. The Premises is adequately served by public transportation routes and major highways.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan North Star 1 – “*Make Investments That Transform Lives*” – provides that LA County is a highly responsive organization investing in solutions that address our most complex societal challenges (health, jobs, housing, food insecurity, and recidivism) affecting our most vulnerable communities – one person at a time.

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

The proposed lease supports the above goals and objective by providing DCFS with an office to continue to provide services to children and their families, located in Lancaster and the surrounding areas.

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

FISCAL IMPACT/FINANCING

The estimated maximum first year base rental cost is \$1,693,000, which includes parking at no additional cost. The aggregate cost associated with the proposed lease over the initial term, including rent abatement, TI costs, costs for Low-voltage items is \$34,425,000 as shown in Enclosure B-1. The proposed lease costs will be fully funded by 45 percent State and Federal funds and 55 percent by NCC that is already included in DCFS’ existing budget. DCFS will not be requesting additional NCC for this action.

The TIs for the proposed lease are expected to be completed in Fiscal Year 2025-26. Future funding for the costs associated with the proposed lease will be addressed through the annual budget process for DCFS.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

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

- The annual rental rate will be \$33 per square foot, per year and is subject to annual increases based on the fixed annual increases of 3 percent.
- The Landlord has agreed to one month of rent abatement.
- Total TI costs are expected to be \$8,976,100. The Landlord will provide approximately \$3,334,000 (\$65 per square foot) base TI allowance.

- The County will reimburse the Landlord up to approximately \$5,643,000 (\$110 per square foot) as the County's lump sum TI contribution. If the Landlord advances the County's TI contribution, this amount will be amortized over five years with interest at 8 percent for a fully amortized amount not to exceed \$6,865,000.
- The County will pay \$6,800,000 for the lump sum cost of the Low-Voltage Items. If DCFS elects to pay in installments, this amount will be amortized over five years with interest at 8 percent for a fully amortized amount not to exceed \$8,273,000.
- 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.
- There are 180 on-site parking spaces included in the base rent at no additional cost.
- The proposed lease includes a ten-year initial term with two options to extend the proposed lease for an additional five years each with no less than twelve months' notice, at a fixed 3 percent over the previous year's base rent. If all options are 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 96th month, with 240 days' notice.
- Holdover at the proposed lease expiration is permitted on the same lease terms and conditions. The monthly base rent during the holdover period will be subject to 3 percent annual increases under the proposed lease.
- The proposed lease will be effective upon approval by the Board and full execution of the proposed lease, but the term and rent will commence 30 days after completion of the tenant improvements by the Landlord and acceptance of the Premises by the County.

The Chief Executive Office (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. No responses were received. 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 \$26.60 and \$37.80 per square foot, per year. The base annual rental rate of \$33 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 Premises as the most suitable to meet the County's space requirements.

Co-working office space is not suitable for this requirement due to the nature of services provided by DCFS at this location.

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 Lancaster has been sent in accordance with Government Code Section 25351.

County Counsel has reviewed the proposed lease and has approved it as to form. The 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 a suitable office location for DCFS' Lancaster Regional Office, which is consistent with the County's Facility Location Policy, adopted by the Board on July 24, 2012, as outlined in Enclosure D.

ENVIRONMENTAL DOCUMENTATION

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

The Honorable Board of Supervisors

November 26, 2024

Page 6

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

IMPACT ON CURRENT SERVICES (OR PROJECTS)

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

Respectfully submitted,

FESIA A. DAVENPORT
Chief Executive Officer

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

Enclosures

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

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
1140 COMMERCE CENTER DRIVE, LANCASTER**

Asset Management Principles Compliance Form¹

1. <u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions? ²	X		
B	Does lease co-locate with other functions to better serve clients? ²	X		
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sq. ft of space per person? ² Based on 400 employees the space provides for 128 sq. ft. per person due to implementation of telework where possible.		X	
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ² 180 parking spaces is a parking ratio of 3.5 parking spaces/1,000 RSF		X	
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²	X		
2. <u>Capital</u>				
A	Is it a substantial net County cost (NCC) program?	X		
B	Is this a long-term County program?	X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space?			X
F	Is Building Description Report enclosed as Enclosure C?			X
G	Was build-to-suit or capital project considered? ²			X
3. <u>Portfolio Management</u>				
A	Did department use 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? ²	X		
F	Has growth projection been considered in space request?	X		
G	¹ Has the Dept. of Public Works completed seismic review/approval?	X		
¹ As approved by the Board of Supervisors 11/17/98				
² If not, why not?				

OVERVIEW OF THE PROPOSED BUDGETED LEASE COSTS

1140 Commerce Center Drive, Lancaster
Department of Children and Family Services

Basic Lease Assumptions

Leased Area (sq.ft.) 51,292

	Per RSF Per Month (\$)	Per RSF Per Year (\$)
Base Rent	\$2.75	\$33.00
Rent Abatement (Months)	1	
Term	10 Years	
Annual Rent Adjustments	3%	
Annual Rent Adjustments (Extended Term)	3%	

Parking # of Spaces 180

Tenant Improvement Costs (Reimbursable)	Amortized			
	Lump Sum	Annual Interest Rate (IR)	Cost @ 8% IR, 5 Yrs.	Difference
	\$5,642,120	8%	\$6,864,111	\$1,221,991

Low Voltage Costs (TESMA Labor & Materials)	Amortized			
	Lump Sum	Annual Interest Rate (IR)	Cost @ IR, 5 Yrs	Difference
	\$ 6,800,000	8%	\$8,272,769	\$1,472,769

	1 st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year	Total 10 Years Rental Costs
Annual Base Rent Costs	\$1,693,000	\$1,744,000	\$1,797,000	\$1,851,000	\$1,907,000	\$1,965,000	\$2,024,000	\$2,085,000	\$2,148,000	\$2,213,000	\$19,427,000
Rent Abatement ⁽¹⁾	(\$142,000)										(\$142,000)
Rent Paid to Landlord	\$1,551,000	\$1,744,000	\$1,797,000	\$1,851,000	\$1,907,000	\$1,965,000	\$2,024,000	\$2,085,000	\$2,148,000	\$2,213,000	\$19,285,000
TI Allowance (Reimbursable)	\$1,373,000	\$1,373,000	\$1,373,000	\$1,373,000	\$1,373,000						\$6,865,000
Total Costs Paid to Landlord	\$2,924,000	\$3,117,000	\$3,170,000	\$3,224,000	\$3,280,000	\$1,965,000	\$2,024,000	\$2,085,000	\$2,148,000	\$2,213,000	\$26,150,000
Low Voltage Costs	\$1,655,000	\$1,655,000	\$1,655,000	\$1,655,000	\$1,655,000						\$8,275,000
Total Annual Lease Costs	\$4,579,000	\$4,772,000	\$4,825,000	\$4,879,000	\$4,935,000	\$1,965,000	\$2,024,000	\$2,085,000	\$2,148,000	\$2,213,000	\$34,425,000

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SPACE SEARCH – 5 MILE RADIUS FROM
1140 COMMERCE CENTER DRIVE, LANCASTER**

LACO	Name	Address	Ownership Type	Gross SQFT	Vacant
4586	Lancaster Courthouse - Services Building	1110 W Ave J, Lancaster, CA 93534	Owned	10,267	No
A433	Antelope Valley Service Center - Building A	349 E Ave K-6, Lancaster, CA 93535	Owned	44,334	No
X495	PW - Waterworks North Maintenance Area HQ Building	260 E Ave K-8, Lancaster, CA 93535	Owned	13,200	No
4683	Probation - (AB - 109)Antelope Valley Reg Off	43423 N Division St., Lancaster, CA 93535	Leased	13,800	No
A008	Antelope Valley Service Center - Building B	335 E Ave K-6 A-B-C, Lancaster, CA 93535	Owned	13,689	No
A642	DPSS - Lancaster Gr/Grow Office	335 E Ave K-10, Lancaster, CA 93535	Leased	22,039	No
10209	Antelope Valley Juvenile Program	43917 Division St., Lancaster, CA 93535	Leased	15,500	No
A008	Antelope Valley Service Center - Building B	335 E Ave K-6 A-B-C, Lancaster, CA 93535	Owned	16,305	No
A255	Child Support Services - Div VI Reg Office	42281 10th St. W, Lancaster, CA 93534	Leased	14,660	No
A459	DCFS - Administrative Lancaster	300 E Ave K-6, Lancaster, CA 93535	Leased	46,000	No

FACILITY LOCATION POLICY ANALYSIS

Proposed lease: Lease for the Department of Children and Family Services – 1140 Commerce Center Drive, Lancaster – Fifth District.

A. Establish Service Function Category – Lancaster Regional Office

B. Determination of the Service Area – The proposed lease will allow DCFS to continue services located within the Antelope Valley.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: Community need for services in the Antelope Valley.
- 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., Antelope Valley Transit Authority local bus routes.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no alternative existing County buildings available to meet all of the DCFS's needs.
- Compatibility with local land use plans: The City of Lancaster has been notified of the proposed County use which is consistent with its use and zoning for 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 \$ 34,425,000.

D. Analyze results and identify location alternatives

The CEO conducted a market search of available office space for lease but was unable to identify any sites that could accommodate this requirement more economically. Based upon a review of available industry data, it has been established that the annual rental range for a comparable lease in the area is between \$26.60 and \$37.80 per square foot, per year. The base annual rental rate of \$33 per square foot, per year for the proposed lease represents a rate that is within the market range for the area.

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

The proposed lease will provide adequate and efficient office space for 445 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
CHASE LANCASTER SERVICES, LP – Landlord**

**1140 COMMERCE CENTER DRIVE,
LANCASTER, CALIFORNIA**

TABLE OF CONTENTS

	Page
1. BASIC LEASE INFORMATION	1
1.1 Terms	1
1.2 Defined Terms Relating to Landlord's Work Letter	3
1.3 Exhibits to Lease.....	4
2. PREMISES.....	4
2.1 Lease of Premises	4
2.2 Measurement of Premises	4
3. COMMON AREAS.....	4
4. COMMENCEMENT AND EXPIRATION DATES	5
4.1 Term	5
4.2 Termination Right.....	5
4.3 Early Entry	5
4.4 Early Termination.....	6
4.5 Lease Expiration Notice	6
5. RENT	6
5.1 5.1 Base Rent	6
5.2 5.2 Method of Payment and Required Information	6
5.3 Annual Base Rent Adjustments.....	7
5.4 Rent Abatement.....	7
6. USES	7
7. HOLDOVER	7
8. COMPLIANCE WITH LAW	8
9. DAMAGE OR DESTRUCTION	8
9.1 Damage	8
9.2 Tenant Termination Right.....	8
9.4 Default By Landlord	9
10. REPAIRS AND MAINTENANCE	9
10.1 Landlord Representations	9
10.2 Landlord Obligations	11
10.3 Tenant Obligations.....	12
10.4 Tenant's Right to Repair	12
11. SERVICES AND UTILITIES	13
11.1 Services.....	13
11.2 Utilities	14
12. TAXES	14
13. LANDLORD ACCESS	14
14. TENANT DEFAULT	14
14.1 Default	14
14.2 Termination.....	15
14.3 No Effect on Indemnity.....	15
15. LANDLORD DEFAULT	15
15.1 Remedies	15
15.2 Waiver	16
15.3 Emergency.....	16
16. ASSIGNMENT AND SUBLETTING	16
16.1 Assignment and Subletting	16
16.2 Sale	16

17.	ALTERATIONS AND ADDITIONS	17
	17.1 Landlord Consent.....	17
	17.2 End of Term	17
18.	CONDEMNATION	18
	18.1 Controlling Terms.....	18
	18.2 Total Taking	18
	18.3 Partial Taking.....	18
	18.4 Restoration	18
	18.5 Award	19
	18.6 Waiver of Statute	19
19.	INDEMNIFICATION.....	19
	19.1 Landlord's Indemnity.....	19
	19.2 Tenant's Indemnity.....	19
20.	INSURANCE	19
	20.1 Waiver	19
	20.2 General Insurance Provisions – Landlord Requirements.....	19
	20.3 Insurance Coverage Types And Limits.....	22
	20.4 Landlord Requirements.....	23
21.	PARKING	23
	21.1 Tenant's Rights	23
	21.2 Remedies	24
22.	ENVIRONMENTAL MATTERS.....	24
	22.1 Hazardous Materials	24
	22.2 Landlord Indemnity	25
23.	ESTOPPEL CERTIFICATES	25
24.	TENANT IMPROVEMENTS	25
25.	LIENS.....	25
26.	SUBORDINATION AND MORTGAGES	25
	26.1 Subordination and Non-Disturbance	25
	26.2 Existing Deeds of Trust.....	26
	26.3 Notice of Default	26
27.	SURRENDER OF POSSESSION.....	26
28.	SIGNAGE.....	26
29.	QUIET ENJOYMENT	26
30.	GENERAL	26
	30.1 Headings	26
	30.2 Successors and Assigns	27
	30.3 Brokers	27
	30.4 Entire Agreement	27
	30.5 Severability	27
	30.6 Notices.....	27
	30.7 Governing Law and Venue.....	28
	30.8 Waivers.....	28
	30.9 Time of Essence	28
	30.10 Consent	28
	30.11 Community Business Enterprises	28
	30.12 Memorandum of Lease	28
	30.13 Counterparts; Electronic Signatures.....	28
31.	AUTHORITY.....	29
32.	ACKNOWLEDGEMENT BY LANDLORD	29
	32.1 Consideration of GAIN Program Participants	29

32.2	Solicitation of Consideration.....	30
32.3	Landlord Assignment	30
32.4	Smoking in County Facilities.	32
33.	IRREVOCABLE OFFER.....	32
34.	OPTION TO EXTEND.	32

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

COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

This LEASE AGREEMENT ("Lease") is entered into as of the _____ day of _____, 20__ between CHASE LANCASTER SERVICES, LP, a California 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:	Chase Partners, Ltd. 6444 San Fernando Rd., #3944 Glendale, CA 91221 Email: dparkininvest@yahoo.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 51,292 rentable square feet, in the Building (defined below), as shown on <u>Exhibit A</u> attached hereto.

(d) Building:	The Building located at 1140 Commerce Center Drive, Lancaster, California, which is currently assessed by the County Assessor as APN 3125-021-039 (collectively, the "Property");
(e) Term:	Ten (10) years, commencing the first day of the month following mutual execution of the Lease, approval by the Board of Supervisors, and thirty (30) days after the date of Tenant's Acceptance of the Premises, as defined in Section 4.1 (the "Commencement Date"), and terminating at midnight on the day before the <u>tenth</u> annual anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.
(f) Estimated Commencement Date:	April 1, 2025
(g) Irrevocable Offer Expiration Date: (see Section 33)	November 18, 2024
(h) Base Rent:	\$2.75 per rentable square foot per month (i.e., \$141,053.00 per month or \$1,692,636.00 per year)
(i) Early Termination (see Section 4.4)	Two hundred forty (240) days' notice on or after the 96th month following the Commencement Date of the Lease.
(j) Rentable Square Feet in the Premises:	51,292 rentable square feet
(k) Initial Departmental Use:	Department of Children and Family Services, general office uses, and for any other lawful use, subject to Section 6, excluding public-facing drug treatment centers, public-facing probation facilities or law enforcement facilities.
(l) Parking Spaces:	180 unreserved spaces

(m) Tenant's Hours of Operation:	6 a.m. to 8 p.m. Monday through Friday, and 9 a.m. to 2 p.m. on Saturdays
(n) Asbestos Report:	A report dated April 15, 2024 prepared by Orswell & Kasman, Inc.
(o) Seismic Report	A report dated April 30, 2024 prepared by Partner Engineering & Science, Inc.
(p) Disabled Access Survey	A report dated April 6, 2024 prepared by Building Principles.

1.2 Defined Terms Relating to Landlord's Work Letter

(a) Landlord's TI Allowance:	\$3,333,980 (i.e., \$65 per rentable square foot of the Premises)
(b) Tenant's TI Contribution:	\$5,642,120 (i.e., \$110 per rentable square foot of the Premises). The portion used shall be reimbursed by Tenant to Landlord either in lump sum or amortized over five (5) years, upon Substantial Completion of the TI work, Tenant's acceptance of the Premises, and reconciliation of the TI costs
(c) Tenant's TI Contribution Amortization Rate and Change Authorization Amortization Rate:	Fixed eight percent (8%) per annum for five (5) years.
(d) Estimated Monthly Payments Attributable to Total TI Costs in Excess of Landlord's TI Allowance	\$114,401.85 per month, ending on the 60th month of the Original Term.
(e) Tenant's Work Letter Representative:	Tina Hovsepian. Phone 323-256-4348. Email thovsepian@ceo.lacounty.gov.
(f) Landlord's Work Letter Representative:	David Parker
(g) Landlord's Address for Work Letter Notices:	6444 San Fernando Rd., #3944 Glendale, CA 91221
(h) Tenant's Address for Work Letter Notices:	County of Los Angeles Chief Executive Office - Real Estate Division 320 West Temple Street, 7th Floor Los Angeles, CA 90012 Attention: Director of Real Estate

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

2.1 Lease of Premises

Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1.1 and depicted on Exhibit A attached hereto.

2.2 Measurement of Premises

Tenant shall have the right at any time during the Term of this Lease to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-2017, as promulgated by the Building Owners and Management Association ("BOMA") International, except that no penthouse mechanical room space shall be included in the measurement. Should this measurement be less than the square footage stated above, then Tenant shall have the right to adjust such square footage and reduce the Base Rent in Section 1.1 accomplished by the mutual execution of an amendment to this Lease. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no increase made to the Base Rent if the measured square footage exceeds the amount represented by Landlord.

3. COMMON AREAS

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

4. **COMMENCEMENT AND EXPIRATION DATES**

4.1 **Term**

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

- (a) The shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises;
- (b) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease and Landlord's Work Letter (if any), including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises;
- (c) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent;
- (d) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and
- (e) If Landlord is responsible for the installation of telecommunications systems, then such systems shall be completely operational.

4.2 **Termination Right**

If the Commencement Date has not occurred within sixty (60) days after the Estimated Commencement Date, subject to Tenant Delays or Force Majeure Delays, as provided in Landlord's Work Letter executed concurrently herewith and attached hereto as Exhibit I and incorporated herein by reference, then Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord, and the parties shall have no further rights or obligations to one another hereunder.

4.3 **Early Entry**

Tenant shall be entitled to enter the Premises not less than thirty (30) days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures, and equipment in the Premises. Such early entry shall be subject to all provisions

hereof, but shall not advance the Termination Date, and Tenant shall not pay Base Rent nor any other charges for such early entry period.

4.4 Early Termination

Tenant shall have the right to terminate this Lease at any time after the Early Termination date specified in Section 1.1(i), by giving Landlord not less than two hundred forty (240) days prior written notice, executed by Tenant's Chief Executive Officer or his/her designee.

4.5 Lease Expiration Notice

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

5. RENT

5.1 Base Rent

Tenant shall pay Landlord the Base Rent stated in Section 1.1 during the Term hereof within fifteen (15) days after (a) the Commencement Date, and (b) the first day of each calendar month thereafter, provided that at least fifteen (15) business days prior to the Commencement Date, Landlord must provide the Auditor-Controller (A-C) 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 Method of Payment and Required Information

The Tenant may, at its sole discretion, determine the most appropriate, efficient, secure, and timely form of payment for any amounts due under this Lease. Landlord further agrees that the default form of payment shall be Electronic Funds Transfer (EFT) or direct deposit, unless an alternative method of payment is deemed appropriate by the A-C.

Subject to Section 5.1, the Landlord shall provide the A-C with electronic banking and related information for the Landlord and/or any other payee that the Landlord designates to receive payment pursuant to this Lease. Such electronic banking and related information includes, but is not limited to: bank account number and routing number, legal business name, valid taxpayer identification number or TIN, a working e-mail address capable of receiving remittance advices and other payment related correspondence, 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.

Any provision of law, grant, or funding agreement requiring a specific form or method of payment other than EFT or direct deposit shall supersede this requirement with respect to those payments. Upon the Commencement Date or at any time during the duration of the Lease, a Landlord 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), shall decide whether to approve exemption requests.

5.3 Annual Base Rent Adjustments

From and after the 1st anniversary of the Commencement Date (the “Adjustment Date”) and on every anniversary of the Adjustment Date thereafter, Base Rent shall be adjusted as follows:

Term (Months)	Monthly Base Rent
1-12	\$141,053.00
13-24	\$145,284.59
25-36	\$149,643.13
37-48	\$154,132.42
49-60	\$158,756.39
61-72	\$163,519.09
73-84	\$168,424.66
85-96	\$173,477.40
97-108	\$178,681.72
109-120	\$184,042.17

5.4 Rent Abatement

The monthly rent for month 1 of the Initial Term shall be abated.

6. USES

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

7. HOLDOVER

If Tenant remains in possession of the Premises or any part thereof after the expiration of the term of this Lease, such occupancy shall be a tenancy which is terminable only upon ninety (90) days written notice from Landlord or thirty (30) days written notice from Tenant's Chief Executive Officer or his/her designee at the last monthly Base Rent payable under this Lease, subject to the three percent (3%) annual increases under this Lease, plus any other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW

Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including but not limited to the Americans with Disabilities Act ("ADA"), except if such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION

9.1 Damage

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

9.2 Tenant Termination Right

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

9.3 Damage In Last Year

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

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

9.4 Default By Landlord

If Landlord is required to repair and restore the Premises as provided for in this Section 9, and Landlord thereafter fails to diligently prosecute said repair and restoration work using commercially reasonable efforts to completion, then upon not less than thirty (30) days prior notice to Landlord, Tenant may, at its sole election:

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

10. REPAIRS AND MAINTENANCE

10.1 Landlord Representations

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

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

10.2 Landlord Obligations

- (a) Landlord shall keep and maintain the Property in good condition and repair and promptly make repairs to and perform maintenance upon and replace as needed:
 - i. the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, foundations, roof, concealed plumbing, stairways, concealed electrical systems and intra-building telephone network cables;
 - ii. mechanical (including HVAC), electrical, plumbing and fire/life systems serving the Building;
 - iii. the Common Areas;
 - iv. exterior windows of the Building; and
 - v. elevators serving the Building.
- (b) Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to, or replacements of:
 - i. the floor covering (if such floor covering is carpeting it shall be replaced as needed, but not less often than after ten (10) 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 ten (10) 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 five (5) days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within ten (10) days after written notice, then Tenant shall be entitled to deduct from Base Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 15.
- (b) Notwithstanding any provisions of this Lease to the contrary, Tenant, acting through the County's Chief Executive Office, may request that the Landlord perform, supply and administer any repairs, maintenance, building services and/or alterations that are the responsibility of the Tenant, not to exceed \$5,000, as part of a separate purchase order issued by the County on Tenant's behalf. Any improvements by Landlord shall be subject to (i) the Work Letter provisions regarding selection and bidding of contractors, Landlord-Tenant coordination and audit rights, and Tenant's remedies

found in said Work Letter; and (ii) compliance with County Internal Services Department Purchasing Policy and Procedure No. A-0300, effective November 22, 2016, delivered to Landlord and incorporated by reference herein. This Section shall not apply to any Tenant Improvements as defined in Section 24.

11. SERVICES AND UTILITIES

11.1 Services

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

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

(b) Electricity

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

(c) Intentionally deleted

(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.. Tenant

shall be responsible for all security measures, access cards and security personnel to the Premises at Tenant's sole cost and expense.

(g) Pest Control

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

11.2 Utilities

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

12. TAXES

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

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

13. LANDLORD ACCESS

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

14. TENANT DEFAULT

14.1 Default

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

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

14.2 Termination

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

14.3 No Effect on Indemnity

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

15. LANDLORD DEFAULT

15.1 Remedies

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

- (a) to remedy such default or breach and deduct the costs thereof (including but not limited to attorney' fees) plus interest at the rate of ten percent (10%) per annum from the installments of Base Rent next falling due;
- (b) to pursue the remedy of specific performance;

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

15.2 Waiver

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

15.3 Emergency

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

16. **ASSIGNMENT AND SUBLETTING**

16.1 Assignment and Subletting

Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises to any other governmental department of the County of Los Angeles ("Permitted Transfer") 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. Any other Assignment or transfer other than a Permitted Transfer shall require Landlord's prior written consent, which shall not be unreasonably withheld.

16.2 Sale

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

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

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

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

17. ALTERATIONS AND ADDITIONS

17.1 Landlord Consent

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

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

17.2 End of Term

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

18. CONDEMNATION

18.1 Controlling Terms

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

18.2 Total Taking

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

18.3 Partial Taking

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

18.4 Restoration

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

remain in effect, except that Base Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

18.5 Award

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

18.6 Waiver of Statute

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

19. INDEMNIFICATION

19.1 Landlord's Indemnity

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

19.2 Tenant's Indemnity

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

20. INSURANCE

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

20.1 Waiver

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

20.2 General Insurance Provisions – Landlord Requirements

Without limiting the Landlord's indemnification of Tenant and during the term of this Lease, and until all of its obligations pursuant to this Lease have been met, Landlord shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Lease. These minimum insurance

coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Landlord pursuant to this Lease. The Tenant in no way warrants that the Required Insurance is sufficient to protect the Landlord for liabilities which may arise from or relate to this Lease.

(a) Evidence of Coverage and Notice to Tenant

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

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

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

(b) Additional Insured Status and Scope of Coverage

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

(c) Cancellation of or Changes in Insurance

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

(d) Failure to Maintain Insurance

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

(e) Insurer Financial Ratings

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

(f) Landlord's Insurance Shall Be Primary

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

(g) Waiver of Subrogation

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

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

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

(i) Claims Made Coverage

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

(j) Application of Excess Liability Coverage

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

(k) Tenant Review and Approval of Insurance Requirements

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

20.3 Insurance Coverage Types And Limits

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

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

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

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

20.4 Landlord Requirements

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

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

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

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

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

21. PARKING

21.1 Tenant's Rights

Tenant shall have the right to the number of unreserved parking spaces set forth in Section 1.1, without charge, for the Term of this Lease. No tandem parking shall be required or allowed, and Tenant shall be entitled to full in/out privileges at all times. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all unreserved parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building. Landlord, at its sole expense, shall provide Tenant with at least one (1) parking access card or key fob for each reserved or unreserved parking space set forth in Section 1.1, if applicable.

21.2 Remedies

Landlord acknowledges that it is a material term of this Lease that Tenant receives all of the parking spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the parking spaces required above are not available to Tenant (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation),) and Tenant notifies Landlord of such, then Landlord shall have thirty (30) days to cure any parking deficiency. If Landlord fails to cure the parking deficiency, then Tenant may:

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

22. ENVIRONMENTAL MATTERS

22.1 Hazardous Materials

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

existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

22.2 Landlord Indemnity

Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fines, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of, or in connection with, the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than those caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

23. ESTOPPEL CERTIFICATES

Tenant shall, within 30 business days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Exhibit F attached hereto (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest in the Premises or a holder of any mortgage upon Landlord's interest in the Premises.

24. TENANT IMPROVEMENTS

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

25. LIENS

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

26. SUBORDINATION AND MORTGAGES

26.1 Subordination and Non-Disturbance

Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly

conditioned upon Tenant receiving a written agreement in the form of Exhibit E attached hereto and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase, or right of first offer to purchase the Property included herein.

26.2 Existing Deeds of Trust

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

26.3 Notice of Default

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

27. SURRENDER OF POSSESSION

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

28. SIGNAGE

Tenant shall be allowed building standard signage on the directory located in the ground floor lobby of the Building and elevator lobbies of the floors of the Premises and suite signage, all of which shall be at Landlord's expense. Tenant shall have the right to install, at Landlord's sole cost and expense, up to two (2) lines per 1,000 rentable square feet of the Premises on the Building's directory board in the main lobby of the Building. Tenant shall be permitted to install signs at the Premises that conform with any and all applicable laws and ordinances.

29. QUIET ENJOYMENT

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

30. GENERAL

30.1 Headings

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

30.2 Successors and Assigns

All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

30.3 Brokers

Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as CBRE, Inc. (the "Tenant Broker") and CBRE, Inc. ("Landlord Broker") 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. All parties acknowledge that CBRE, Inc. represents Landlord and Tenant in this transaction and agree to said dual agency. The terms of any commissions due shall be pursuant to a separate written agreement between Landlord and Tenant's Broker.

30.4 Entire Agreement

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

30.5 Severability

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

30.6 Notices

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

30.7 Governing Law and Venue

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

30.8 Waivers

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

30.9 Time of Essence

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

30.10 Consent

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

30.11 Community Business Enterprises

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

30.12 Memorandum of Lease

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

30.13 Counterparts; Electronic Signatures

This Lease and any other documents necessary for the consummation of the transaction contemplated by this Lease may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Lease and electronic signatures, facsimile

signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Lease had been delivered had been signed using a handwritten signature. Landlord and Tenant (i) agree that an electronic signature, whether digital or encrypted, of a party to this Lease is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intended to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Lease based on the foregoing forms of signature. If this Lease has been executed by electronic signature, all parties executing this document are expressly consenting under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and California Uniform Electronic Transactions Act ("UETA")(Cal. Civ. Code § 1633.1, et seq.), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

31. AUTHORITY

Only the County's Board of Supervisors ("Board of Supervisors") has the authority, by formally approving and/or executing this Lease, to bind Tenant to the terms included herein. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease, and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by Tenant. Tenant shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Office of the County (the "Chief Executive Office") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Base Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an early termination notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

32. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

32.1 Consideration of GAIN Program Participants

Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's

minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

32.2 Solicitation of Consideration

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

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

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

32.3 Landlord Assignment

- (a) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Base Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.
- (b) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease, or any portion thereof, as security for the Landlord's obligation to repay any monetary obligation, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.
- (c) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the Tenant. Notwithstanding the foregoing, the Tenant hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with CMBS (commercial mortgage backed securities) financing or other traditional real estate financing. However, Landlord may not encumber the Property through any type of bond financing vehicle, including but not limited to certificate of participation financing.

- (d) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the Tenant may impose damages in an amount equal to the greater of \$500,000 or 10% of the aggregate principal portion of all rental payments payable by the Tenant during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the Tenant may exercise or pursue any other right or remedy it may have under this Lease or applicable law.
- (e) Landlord shall give Tenant written notice and a copy of each and every assignment, transfer, hypothecation or encumbrance of Landlord's interest in this Lease and any instrument relating thereto (including, but not limited to, instruments providing for the payment of Base Rent directly to an assignee or transferee) at least thirty (30) days prior to the effective date thereof.
- (f) Landlord shall not furnish any information concerning Tenant or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the Tenant) to any person or entity, except with Tenant's prior written consent. Landlord shall indemnify, defend and hold Tenant and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section 32.3.
- (g) The provisions of this Section 32.3 shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns, whether so expressed or not.

32.4 Smoking in County Facilities.

The Surgeon General of the United States has concluded that passive smoke exposure is the third leading cause of preventable death in the United States. The United States Environmental Protection Agency has found second-hand smoke to be a known carcinogen. It is recognized that the County has a responsibility to establish, maintain and promote a healthful and safe working environment and to reduce health and safety risks of its employees and the public at large. Tobacco smoke is a hazard to the health of County employees and the general public and represents an annoyance which should be regulated and banned in all county facilities to the end that air quality in all such facilities be improved for the preservation and improvement of the health of all County employees and the public. Therefore, to the greatest extent possible, the rights and comfort of all employees shall be respected. Reasonable effort shall be made to provide smokers a place to smoke in areas open to the sky or otherwise located outside County facilities and, except as provided under Los Angeles County, California - Code of Ordinances Chapter 2.126 ("LAMC 2.126"), all portions of County-owned facilities and all portions of facilities leased by or from the County, which areas are not open to the sky, shall be designated as "no smoking" areas. Smoking, including the use of electronic smoking devices, shall be prohibited in the following areas of County facilities: (1) Within 50 feet of any operable entry or exit door or operable window of any County building and within 25 feet of any access ramp or handicap path; (2) Within any County parking lot, parking structure, or parking garage, whether enclosed or open to the sky; or (3) Within any driving range and eating area, including outdoor eating areas, of any County golf course. International no-smoking signs and other appropriate signs which designate no-smoking areas shall be clearly, sufficiently and conspicuously posted in every room, building or other place so covered by LAMC 2.126. The manner of such posting, including the wording, size, color and place of posting, whether on the walls, doors, tables, counters, stands or elsewhere, shall be at the discretion of the building proprietor so long as clarity, sufficiency and conspicuousness are apparent in communicating the intent. (Los Angeles County, California - Code of Ordinances Chapter 2.126.)

33. IRREVOCABLE OFFER

In consideration for the time and expense that Tenant will invest in this Lease, including but not limited to preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County, as necessary, in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.1.

34. OPTION TO EXTEND.

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

(b) Exercise of Option. Tenant must exercise its options to extend this Lease by giving Landlord written notice of its election to do so no later than twelve (12) months and no more than fifteen (15) months prior to the end of the initial Term, or the First Extension Term, as applicable. If Tenant fails to give such written notice to Landlord, Landlord will promptly provide written notice to Tenant that the Term shall not be extended unless Tenant responds within ten (10) business days in writing electing to exercise its respective renewal option, and Tenant shall be granted an additional period of ten (10) business days after receipt of such written notice from Landlord, in which to give Landlord its written notice of its election to exercise such renewal option or election not to exercise such renewal option. Failure by Landlord to provide ten (10) business day written notice to Tenant that the Term shall not be extended unless Tenant responds within ten (10) business days in writing electing to exercise its respective renewal option or Tenant's failure to notify Landlord of its election to exercise such renewal option, after receipt of the ten (10) business day notice, and without any further notice, act, or agreement, this Lease will terminate as of the then-applicable expiration date, and neither Landlord nor Tenant will have any further obligation or liability under this Lease arising or continuing from and after such expiration date, subject, however, to the provisions that expressly survive termination of this Lease.

(c) Terms and Conditions of Extension Terms. The Extension Terms shall be on all the terms and conditions of this Lease, including Rent stated in (d) below. In no event shall Landlord be responsible for payment of any brokerage fees or commissions to any broker or finder retained by Tenant or representing Tenant.

(d) Base Rent During Extension Term(s). Tenant shall pay Base Rent during the Extension Term(s) as follows:

Term (Months)	Monthly Base Rent
121-132	\$189,563.44
132-144	\$195,250.34
145-156	\$201,107.85
157-168	\$207,141.09
169-180	\$213,355.32
2 nd Option Period	
181-192	\$219,755.98
193 - 204	\$226,348.66
205 - 216	\$233,139.12
217- 228	\$240,133.29
229 - 240	\$247,337.29

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

LANDLORD:

Chase Lancaster Services, LP,
a California limited partnership
By: Chase Partners, Ltd., GP

Signed by:
David Parker
By: _____
E5F143F66144414...
David A. Parker
President

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Officer

ATTEST:

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

By: _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By: *Roberto Saldaña*
_____ Senior Deputy

EXHIBIT A

SITE PLAN OF PREMISES

To be included

EXHIBIT B

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

Reference is made to that certain Lease Agreement ("Lease") dated _____, 20__, between County of Los Angeles, a body corporate and politic ("Tenant"), and Chase Lancaster Services, LP, a California Limited Company ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 1140 Commerce Center Drive, Lancaster, California ("Premises"),

Landlord and Tenant hereby acknowledge as follow:

- 1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- 2) Tenant has accepted possession of the Premises and now occupies the same;
- 3) The Lease commenced on _____ ("Commencement Date");
- 4) The Premises contain 51,292 rentable square feet of space; and

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

- 5) Annual Base Rent Adjustments. From and after the 1st anniversary of the Commencement Date (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Base Rent shall be adjusted as follows:

Term (Months)	Monthly Base Rent
1-12	\$141,053.00
13-24	\$145,284.59
25-36	\$149,643.13
37-48	\$154,132.42
49-60	\$158,756.39
61-72	\$163,519.09
73-84	\$168,424.66
85-96	\$173,477.40
97-108	\$178,681.72
109-120	\$184,042.17

- 6) Rent Abatement. The monthly rent for month 1 of the Initial Term shall be abated.

IN WITNESS WHEREOF, this memorandum is executed this _____ day of _____,
20____.

Tenant:

COUNTY OF LOS ANGELES,
a body corporate and politic

By:

Joyce Chang
Senior Manager

Landlord:

Chase Lancaster Services, LP,
a California limited partnership
By: Chase Partners, Ltd., GP

By:

David A. Parker
President

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. Exclusive day porter service from 10:00 a.m. to 3:00 p.m. [*Fill in if applicable. If not applicable, delete.*]

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.
23. HVAC chiller water checked for bacteria, water conditioned as necessary.

D. QUARTERLY

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

E. SEMI-ANNUALLY

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

F. ANNUALLY

31. 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.
32. 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.
33. Touch-up paint all interior painted surfaces in a color and finish to match existing.

G. AS NEEDED

34. 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.
35. 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.

36. Interior and exterior pest control inspections and remediation frequency is to be determined by a licensed exterminator.
37. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning:
 - i. heavy traffic areas cleaned as needed, with a minimum frequency of bi-monthly [six (6) times per year];
 - ii. moderate traffic areas cleaned as needed, with a minimum of once every six (6) months [two (2) times per year]; and
 - iii. clean light traffic areas a minimum of once per year.

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

38. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence") except for touch-up paint as provided in Paragraph 6.C. of this Exhibit E. The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute an Occurrence for the purpose of determining the frequency of this work.
39. All HVAC ducts cleaned as needed, but no less than every five (5) years.

H. GENERAL

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

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: Chase Lancaster Services, LP _____
6444 San Fernando Rd., #3944 _____
Glendale, CA 91221 _____

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

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

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

By: _____
Name: _____
Title: _____

BORROWER: *[Insert name of Landlord]*

By: _____
Name: _____
Title: _____

LENDER: *[Insert name of Lender],*

By: _____
Name: _____
Title: _____

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

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

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

personally appeared _____,
Name of Signer(s)

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

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

WITNESS my hand and official seal.

Signature (Seal)

EXHIBIT F

TENANT ESTOPPEL CERTIFICATE

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

Attn: _____

Re: Date of Certificate: _____

 Lease Dated: _____

 Current Landlord: _____

 Located at: _____

 Premises: _____

 Commencement Date of Term: _____

 Expiration Date: _____

 Current Rent: _____

County of Los Angeles ("Tenant") hereby certifies that, to its actual knowledge, as of the date hereof:

1. Tenant is the present holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.

2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

 (b) The current Rent is set forth above.

 (c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.

 (d) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

 (e) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified changed, altered or amended, except as set forth in Exhibit A, and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.

(c) Tenant's interest in the Lease has not been assigned or encumbered.

(d) Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease, except as set forth in the Lease.

(e) No rental payments have been made more than one (1) month in advance.

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

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

COUNTY OF LOS ANGELES,
a body corporate and politic

By: _____
Name: _____
Title: _____

EXHIBIT G

COMMUNITY BUSINESS ENTERPRISE FORM

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

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

1. Firm Name: _____

2. Address: _____

3. Contact Person/Telephone Number: _____

4. Total number of employees in the firm: _____

5. Provide the number of all minority employees and women in each category.	Owners, Partners and Associate Partners		Managers		Staff	
	All O,P & AP	Women	All Managers	Women	All Staff	Women
Black/African American						
Hispanic/Latin American						
Asian American						
Portuguese American						
American Indian/Alaskan Native						
All Others						

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

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

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

EXHIBIT H

MEMORANDUM OF LEASE

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

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

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

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between Chase Lancaster Services, LP, a California Limited Company (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 _____ and ending on a date ten (10) 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:

Chase Lancaster Services, LP,
a California limited partnership

By:
Name: David A. Parker
Its: President

TENANT:

COUNTY OF LOS ANGELES,
a body corporate and politic

FESIA A. DAVENPORT
Chief Executive Officer

By: _____
John T. Cooke
Assistant Chief Executive Officer

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

CHASE LANCASTER SERVICES, LP, as Landlord

Property Address: 1140 COMMERCE CENTER DRIVE, LANCASTER, CA

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease Agreement (the "Lease") dated _____, 20____, executed concurrently herewith, by and between Chase Lancaster Services, LP, a California 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> | \$8,976,100 (i.e., \$175 per rentable square foot of the Premises). |
| (i) <u>Landlord's TI Allowance</u> | \$3,333,980 (i.e., \$65 per rentable square foot of the Premises) |
| (ii) <u>Tenant's TI Contribution</u> | \$5,642,120 (i.e., \$110 per rentable square foot of the Premises). The portion used shall be reimbursed by Tenant to Landlord either in lump sum or amortized over five (5) years, upon Substantial Completion of the TI work, Tenant's acceptance of the Premises, and reconciliation of the TI costs. |
| (b) <u>TI Amortization Rate and Change Authorization Amortization Rate:</u> | Fixed eight percent (8%) per annum for five (5) years |
| (c) <u>Tenant's Work Letter Representative</u> | Tina Hovsepian or an assigned staff person of the Chief Executive Office-Real Estate Division |
| (d) <u>Landlord's Work Letter Representative</u> | David Parker, or an assigned staff person of the Landlord |
| (e) <u>Landlord's Address for Work Letter Notices</u> | 6444 San Fernando Rd., #3944
Glendale, CA 91221
Email: chasepartners@yahoo.com |
| (f) <u>Tenant's Address for Work Letter Notices</u> | County of Los Angeles
Chief Executive Office - Real Estate Division
320 West Temple Street, 7th Floor
Los Angeles, CA 90012
Attention: Director of Real Estate |

(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 shall perform in the Premises pursuant to this Work Letter shall comply with all applicable statutes, ordinances, rules, regulations (including but not limited to ADA, and any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or to make existing building systems, including but not limited to electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Total TI Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (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) Upon Substantial Completion, Landlord, at its sole cost and expense, shall field-measure and verify the exact footage of the Premises and/or the Building and deliver said measurement to Tenant. Should this measurement be less than the square footage stated above, then Tenant shall have the right to adjust such square footage and reduce the Base Rent in Section 1.1 of the Lease accomplished by the mutual execution of an amendment to the Lease. Landlord acknowledges the space has been marketed at the Lease indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no increase made to the Base Rent if the measured square footage exceeds the amount represented by Landlord. All measurements shall be taken in accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-201, as promulgated by the Building Owners and Management Association ("BOMA") International, except that no penthouse mechanical room space shall be included in the measurement.

2.3 Base Building Plans. Landlord will deliver to Tenant complete and accurate "as built" plans and specifications for the Building in an AutoCAD 2015 (or later version) and Adobe PDF electronic format via USB flash drive and set-up of a web-based download link. If Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, then any delay caused thereby shall not be a Tenant Delay (as defined below), but shall be deemed to be a delay caused by Landlord, and Landlord shall pay for any increased costs caused by such delay.

2.4 Survey. Where 'as-built' plans are missing, Landlord must perform a survey of existing space, which shall include existing floor plans and mechanical, electrical, and plumbing systems. The survey shall be at Landlord's sole cost and expense. Landlord shall submit such survey to the Tenant such that the initial Space Plan (as defined in Section 5.1) can be modified to conform to the existing conditions.

3. Selection of Architect. Landlord shall not proceed with any bid solicitation for architectural services for Tenant Improvements, until final space plan is furnished to the Landlord. Once Landlord receives the final space plan, Landlord shall promptly solicit at least three (3) proposals from qualified licensed architects familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings (as defined below). Landlord shall select an architect, subject to Tenant's acceptance, which shall not be unreasonably withheld, and which acceptance (or rejection for reasonable reasons) shall be granted within five (5) calendar days after Landlord has submitted the name of the selected architect to Tenant, together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until Tenant accepts an architect (the "Architect"), and Tenant's written acceptance has been delivered to and received by Landlord.

4. Selection of Contractor. The Final Plans (as defined below) and a proposed construction contract accepted by Tenant shall be submitted to a sufficient number of qualified contractors, selected by Landlord, so that a minimum of three (3) bids are received. Each contractor shall be requested to submit a sealed fixed price contract bid price (on an American Institute of Architects (AIA) form) to construct the Tenant Improvements depicted on the Final Plans. Landlord shall select the most qualified bidder offering the lowest price after adjustments for inconsistent assumptions, and Landlord shall submit all bids, along with Landlord's recommendation, to Tenant for Tenant's review and acceptance. Following Tenant's acceptance, Landlord shall enter into a construction contract (the "Construction Contract") with the lowest qualified bidder (the "Contractor") to construct the Tenant Improvements, consistent with the terms of the accepted bid.

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. Landlord shall cause the Architect to coordinate with the Engineer(s) and to integrate all engineering drawings prepared by the Engineer(s), including but not limited to complete mechanical, electrical, and plumbing plans ("Engineering Drawings"), into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review and acceptance.

5.4 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has accepted the Engineering Drawings, Landlord shall cause the Architect to integrate the accepted Working Drawings with the accepted Engineering Drawings (collectively "Final Plans") and deliver the Final Plans to Tenant for Tenant's review in an AutoCAD 2015 (or later version) and Adobe PDF electronic format via USB flash drive and set-up a web-based download link. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements), power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements. Landlord's review of the Space Plan, Working Drawings, Engineering Drawings, and Final Plans shall be at Landlord's sole cost and expense.

5.5 Tenant's Plan Review and Acceptance. Tenant shall accept or reject the Working Drawings, the Engineering Drawings and the Final Plans within fourteen (14) 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. If, after such procedure, the parties cannot agree on the Working Drawings, the Engineering Drawings or the Final Plans, then Tenant may elect to terminate the Lease and this Work Letter by delivering a written termination notice to Landlord, whereupon all monies previously paid to Landlord shall be promptly refunded to Tenant, and the parties shall have no further obligations under the Lease and the Work Letter. 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, which shall be Landlord's sole responsibility.

5.6 Schedule. Within twenty-one (21) calendar days of the Plan Submission Date, Landlord shall submit to Tenant a detailed baseline construction schedule, subject to acceptance by Tenant, which shall not be unreasonably withheld, setting forth the completion dates of certain project milestones, including but not limited to completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of the Construction Contract, construction commencement date, interim schedule milestone dates, and the date of Substantial Completion. The schedule shall be apportioned by construction activity and include time required for the completion of each portion of the work. As the construction continues, Landlord shall amend the construction schedule at least once each month to reflect any changes to the projected dates, and Landlord shall promptly submit the revised construction schedules to Tenant. If the amended construction schedule identifies delays to the project's critical path, the Landlord shall provide a recovery schedule and/or request for a contract time extension.

5.7 Submittals. The Landlord shall submit to Tenant any Shop Drawings, Product Data Sheets / Samples or similar submittals required by the Final Plans in coordination with the construction schedule and with reasonable promptness, so as not to cause any delay in the construction of the Tenant Improvements. The purpose of Shop Drawings, Product Data, Samples and similar submittals is to demonstrate the way by which the Contractor proposes to construct a design concept expressed in the Final Plans. "Shop Drawings" include drawings, diagrams, schedules and other data specially prepared by the Contractor or a subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Tenant Improvements. "Product Data Sheets / Samples" include illustrations, summary performance charts, instructions, brochures, diagrams, manufacturer specifications and other information furnished by the Landlord to illustrate materials or equipment for some portion of the Tenant Improvements. "Samples" are physical examples that illustrate materials, equipment or workmanship for some portion of the Tenant Improvements. The Contractor shall construct no portion of the Tenant Improvements for which the Final Plans require submittal and review of Shop Drawings, Product Data, Samples or similar submittals until the respective submittal has been reviewed and accepted by the Architect.

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

6.1 Cost Summary. Within ten (10) 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. Should the Preliminary TI Cost Summary exceed the sum of the Landlord's TI Allowance and Tenant's TI Contribution, then Tenant shall revise the scope of the TI's to reduce the Preliminary TI Cost Summary so it will not exceed the sum of the Landlord's TI Allowance and Tenant's TI Contribution. . The Preliminary TI Cost Summary shall be revised into final form within ten (10) days after the date that the Contractor is selected and will be referred to herein as the "Final TI Cost Summary". Tenant shall have fourteen (14) calendar days after the date of receipt of the Final TI Cost Summary to accept or reject the Final TI Cost Summary, including but not limited to any Contractor overhead, profit and/or general conditions costs included therein; provided, however, that any proposed increase to Tenant's TI Contribution shown on the Final TI Cost Summary shall not be effective unless approved in a separate written agreement executed by Landlord and Tenant. Tenant's failure to accept or reject the Final TI Cost Summary in writing within such period shall be deemed to be rejected. Construction of the Tenant Improvements shall not begin until Tenant accepts the Final TI Cost Summary in writing. If Tenant rejects the Final TI Cost Summary due to matters related to cost and the Final TI Cost Summary is ten percent (10%) or more higher in cost than projected in the Preliminary TI Cost Summary, then, at Tenant's

request, Landlord shall cause the Architect and the Engineer to redesign the Tenant Improvements, at Landlord's sole expense, to comply with the Preliminary TI Cost Summary, and any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. If Tenant rejects the Preliminary TI Cost Summary or the Final TI Cost Summary, the parties shall promptly confer to reasonably resolve all issues relating thereto. If after such consultation, the parties cannot agree on the Preliminary TI Cost Summary or the Final TI Cost Summary, then Tenant may elect to terminate the Lease and this Work Letter by delivering written termination notice to Landlord, whereupon all monies previously paid to Landlord shall be promptly refunded to Tenant, and the parties shall have no further obligations under the Lease or this Work Letter.

6.2 Landlord's TI Allowance and Tenant's TI Contribution. All improvements required by the Final Plans, as further described in Addendum B hereto, and any and all modular furniture described in the Modular Specifications (as defined below) shall be referred to herein, collectively, as "Tenant Improvements" or "TI." Costs of Tenant Improvements shall include costs for furniture, soft costs, and any other costs approved in writing by Tenant (collectively "Total TI Costs"), all of which must not exceed the sum of Landlord's TI Allowance, Tenant's TI Contribution, and the cost of any Change Authorizations (as defined below) that are approved in writing by both parties. Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements unless due to delays by Tenant. Except as otherwise provided herein, all Total TI Costs shall be paid by Landlord and deducted from Landlord's TI Allowance. If the Total TI Costs exceed Landlord's TI Allowance, then Tenant may authorize Landlord to pay the overage in an amount not exceeding Tenant's TI Contribution. Thereafter, Tenant shall pay such overage to Landlord as provided in Section 6.3 below.

6.3 Method of Payment. Tenant shall be obligated to pay Landlord that portion of Tenant's TI Contribution used to pay for any Total TI Costs in excess of Landlord's TI Allowance' thirty (30) calendar days after all of the following conditions have been met: (i) Tenant Improvements are Substantially Complete (as defined in the Lease); (ii) Landlord has provided Tenant with all documentation substantiating all Tenant Improvements' expenses, including without limitation, receipts, invoices, proof of payment, unconditional lien releases and approved changed orders; and (iii) Tenant has reconciled all Tenant Improvements' costs to determine and confirm the total Tenant Improvements amount spent and the amount of Tenant's TI Contribution owed to Landlord. At Tenant's election, such payment may be made (a) in a lump sum,, or (b) in equal monthly payments, amortized over the term of the Lease at the TI Amortization Rate. Tenant may, at any time during the Term, prepay all or any portion of the Total TI Costs in excess of the Landlord's TI Allowance and pay any remaining amount in equal monthly payments, amortized over the remaining term of the Lease at the TI Amortization Rate.

6.4 Base Rent Credit for Unused Portions of Landlord's TI Allowance. If the Total TI Costs are less than the Landlord's TI Allowance, then the amount of any unused portion of the Landlord's TI Allowance shall be applied as a credit against the next installment(s) of Base Rent due under the Lease.

7. Construction of Tenant Improvements.

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

7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and material suppliers providing labor and/or materials for the Tenant Improvements shall be selected only after a minimum of three (3) bids have been solicited from responsible and qualified persons. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. Landlord shall also obtain a minimum of three (3) bids from responsible and qualified bidders for the purchase and installation of Tenant's office furniture system, if applicable, in accordance with Section 9.1 below.

7.3 Permits. Landlord shall obtain the approval of all applicable governmental authorities and all permits required for the Tenant Improvements, promptly after Tenant's acceptance of the Final Plans. Thereafter, Landlord shall resubmit the revised Final Plans for plan check approval and shall incorporate any requested comments from the applicable governmental authorities into the Final Plans prior to soliciting bids from contractors pursuant to Section 4 hereof.

7.4 Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within twenty-one (21) calendar days after Tenant's acceptance of the Contractor pursuant to Section 4 hereof. 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).

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

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant in compliance with California Civil Code Section 8444.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, flooring and base, and any other decor selection efforts required by Tenant, shall be provided by Landlord, at Landlord's expense (but allocated under the Total TI Costs), in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

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

(d) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up and/or substandard work performed by Landlord's contractor or contractors (as reasonably determined by the parties according to the usual standards of work in the Building).

(e) Compliance with Laws. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including but not limited to all provisions of the California Labor Code. **Without limiting the generality of the foregoing, construction of the Tenant Improvements shall comply with all applicable laws and regulations, including but not limited to the provisions of the California Labor Code relating to the payment of prevailing wages on public works projects, unless the work is otherwise exempt therefrom pursuant to the California Labor Code. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly wage rate and details pertinent thereto for each craft, classification, or type of workman or mechanic needed for the construction of the Tenant Improvements. Particulars of the current prevailing wage scale, as approved by the Board of Supervisors, which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site. Notwithstanding the foregoing or any language to the contrary contained herein, the payment of prevailing wages according to the current prevailing wage scale and compliance with applicable prevailing wage statutes shall be required where there is a Tenant's TI Contribution made towards the Total TI Costs of the Tenant Improvements to be performed.**

(f) Access During Construction. Tenant shall have the right to conduct site visits to observe progress of the Tenant Improvements during the course of construction. Additionally, pursuant to Section 4.3 of the Lease, Tenant shall be entitled to enter the Premises at least thirty (30) calendar days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Landlord and Tenant shall use reasonable good faith efforts to coordinate the work of their respective contractors to achieve timely completion of the Tenant Improvements and Tenant's installation work.

7.6 Completion/Close Out. The Premises shall not be considered Substantially Complete until the Tenant Improvements have been completed in accordance with the Final Plans and Section 4.1 of the Lease, subject only to the completion of minor punch-list items that will not interfere with Tenant's use and occupancy of the Premises for Tenant's permitted and intended use under the Lease. Upon Substantial Completion of the Tenant Improvements, Landlord shall notify Tenant in writing and, within fourteen (14) calendar days of Tenant's receipt of such notice, Landlord and Tenant shall conduct a "walk-through" inspection of the Premises and prepare a punch-list of known or apparent deficiencies or incomplete work required to be corrected or completed by Landlord. Landlord, at Landlord's sole cost and expense, shall cause all punch-list items to be repaired or completed as soon as possible, but in no event later than thirty (30) days following the walk-through inspection. If Landlord fails to complete any of the punch-list items within such 30-day period, then Tenant, in addition to its other rights and remedies under the Lease, after giving ten (10) days written notice to Landlord, shall have the right, but not the obligation, to cause such punch-list items to be completed, with the cost thereof plus ten percent (10%) for Tenant's overhead and supervision to be deducted from the next installment(s) of rent or other amounts payable by Tenant under the Lease.

7.7 Conformed Plans. Within sixty (60) days after Substantial Completion of the Tenant Improvements and Landlord's receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that

have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted in an AutoCAD 2015 (or later version) format, along with one complete set of plans and specifications Adobe PDF electronic format via USB flash drive and set up of a web-based download link.

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

9. Furniture System.

9.1 Tenant shall deliver to Landlord within fourteen (14) calendar days after the date of full execution of this Work Letter, modular furniture plans and specifications (the "Modular Specifications"). Based on the Modular Specifications, Landlord and /or Landlord's architect shall prepare a modular furniture specifications bid package for submission to no less than three (3) furniture vendors. The bid package shall be broken down into separate line items for material, delivery, and sales tax, and each furniture item shall be broken down by unit price, quantities, description and specification. Prior to submission for bids, Landlord shall review the bid package with Tenant, and Tenant shall have the right to accept or reject the bid package. Landlord shall order the modular furniture set forth in the Modular Specifications and install the same within the Premises, all of which shall be a Total TI Cost, payable by Landlord and/or Tenant as provided in Section 6.2 and Section 6.3 hereof. Tenant's acceptance of any bid package shall not be deemed to be a representation by Tenant as to the adequacy or correctness of any specifications contained therein.

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

(a) The Personal Property shall not become part of the real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage to the Building or the Premises caused by such removal shall be repaired by Creditor.

(b) Landlord must receive written notice from Creditor of any plan by Creditor to remove the Personal Property from the Building.

(c) This Section 9.2 shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord hereby waives any right to gain possession of any of Personal Property during the term of the Lease.

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

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

12. Delay.

12.1 Tenant Delays and Force Majeure Delays. Except as set forth in this Section 12, Tenant shall not be charged as a result of any delay in the construction of Tenant Improvements. Subject to the provisions of Section 12.2, the Estimated Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (a) Tenant fails or refuses to give authorizations or approvals within the time periods required herein, but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); 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 or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

12.2 Limitations.

(a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless, within forty eight (48) hours of the event giving rise to such claim, Landlord provides Tenant with written notice in compliance with the Lease specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction, or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred, commencing as of the date Tenant received such notice from Landlord.

(b) Mitigation. Tenant Delays and Force Majeure Delays shall delay the Estimated Commencement Date only if Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, efforts which Landlord shall be obligated to make (provided that the additional cost incurred by Landlord due to such efforts does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to the excess).

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only if they are not concurrent with any other Tenant Delay or Force Majeure Delay that is effective hereunder. For example, if fourteen (14) calendar days of Tenant Delays and six (6) calendar days of Force Majeure Delays occur during the same fourteen (14) calendar day period, then the Estimated Commencement Date would be extended by only fourteen (14) calendar days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, then the Estimated Commencement Date would be extended by twenty (20) calendar days.

(d) Change Authorizations. Landlord may not claim that a Tenant-Requested Change was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the executed Change Authorization and affects the Critical Path of the Construction Schedule..

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

13. Tenant Remedies. If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, or if the Tenant Improvements have not been completed within sixty (60) calendar days after the Estimated Commencement Date solely due to the fault of Landlord other than Force Majeure or Tenant delays, then Tenant may, at its option:

13.1 Notify Landlord in writing of such deficiencies, thereafter Landlord shall have thirty (30) days to cure such deficiency. If Landlord fails to complete these deficiencies or has not made substantial progress to cure said deficiencies, thereafter Tenant shall have the right to cancel the Lease upon thirty (30) calendar days' written notice to Landlord; or

13.2 Upon thirty (30) calendar days' written notice to Landlord after Landlord's thirty (30) day cure period, assume the responsibility for constructing and/or completing the Tenant Improvements itself. If Tenant elects to construct or complete the Tenant Improvements itself, then:

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

(b) Base Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for Tenant's administrative costs, and including interest at the rate of six percent (6%) per annum ("Tenant's Total Expense"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five (5) years and deducted from the Base Rent payable under the Lease.

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

14. Representatives.

14.1 Tenant Representative. Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.

14.2 Landlord Representative. Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.2 of the Lease.

15. Elevator Usage During Move-In. Not applicable. 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 or utilizing Zoom or a similar internet-based platform. An initial construction meeting shall be held within seven (7) calendar days after the date the Contractor is selected. Contractor shall provide minutes of each construction meeting to Tenant within a reasonable time thereafter, but not later than three (3) calendar days after the date of the construction meeting.

16. 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.

17. Miscellaneous. This Landlord Work Letter sets forth the entire understanding and agreement between the Parties with respect to the subject matter of this Landlord Work Letter. This Landlord Work Letter may be amended only in a writing signed by both Parties. Any notice to a party for a breach of this Landlord Work Letter must be delivered in writing per the terms as set forth in Section 30.6 of the Lease. This Landlord Work Letter shall be construed as if jointly drafted by the parties. This Landlord Work Letter will not be effective unless and until signed by both Parties. Neither party may assign this Landlord Work Letter or its rights or obligations

hereunder without the other party's prior written consent. This Landlord Work Letter will be binding upon, enforceable by and inure to the benefit of the Parties and each of their successors and permitted assigns. Provisions contained in this Landlord Work Letter shall prevail in case of conflict over the terms of the Lease. This Landlord Work Letter is hereby incorporated into and made part of the Lease. All the terms and conditions of the Lease remain in full force and effect, except as expressly indicated otherwise in this Landlord Work Letter. This Landlord Work Letter will become effective as of the Effective Date and shall continue in effect, except to the extent it is amended or terminated in accordance with terms of the Lease.

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

LANDLORD:

Chase Lancaster Services, LP,
a California limited liability company

By Chase Partners, Ltd., GP

Signed by:
By: David Parker
E5F143F6C114414...

David A. Parker
President

Date Signed: 9/23/2024

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 (or will construct) the Building to include the following:

(a) the Building shell and exterior, including perimeter window systems and mullions in good condition. If building has not been constructed or is still under construction, no tenant improvements work shall commence until building has been signed off by the City having jurisdiction and Certificate of Occupancy has been received.

(b) Must also include including mechanical, electrical, sprinkler, plumbing, Fire life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;

(c) toilet rooms per code, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;

(d) Drywall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows. Also included:

(e) NONE

(f) NOT APPLICABLE

(g) parking facilities;

(h) NO COMMON LOBBY, TENANT EXCLUSIVE

(i) NONE

(j) exterior plazas and landscaping;

(k) loading dock and/or area;

(l) electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power in the floor electrical closet;

(m) conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets on ground floor, in which case Landlord, at no cost to Tenant and without deduction from Landlord's TI Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);

(n) two (2) 208/120 and one (1) 480/277 Volt (VAC) panels connected to the Building power system;

(o) mechanical equipment room with ducted mechanical exhaust system;

(p) concrete floors with troweled finish ready for tenants floor finish, level to specified tolerances and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;

(q) standard window coverings;

(r) rooftop HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only)

(s) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;

(t) primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;

(u) 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

(v) Drywall on the service core walls, columns and sills in the Premises.

(w) Demolition and removal of any existing improvements or equipment situated within the Premises, unless the Final Plans show that such improvements and/or equipment will remain in the Premises.

ADDENDUM B To Landlord's Work Letter

TENANT IMPROVEMENTS

Tenant improvements shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises
- (c) Interior finishes of any kind within the Premises
- (d) Interior partitions, drywall, insulation, soundproofing, millwork, cabinets, doors and hardware within the Premises;
- (e) Terminal boxes and reheat coils, thermostats, distribution ducting, VAV boxes or other HVAC or air distribution devices to or within the Premises;
- (f) Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor, break rooms
- (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; and
- (k) Fiber optic access
- (l) Water bottle filling stations / drinking fountains at the core.

ADDENDUM C To Landlord's Work Letter

PRELIMINARY AND FINAL TI COST SUMMARY

___ Preliminary TI Cost Summary
___ Final TI Cost Summary
Drive, Lancaster

Lease No. _____
Address: 1140 Commerce Center

Cost Category	
Architecture and Engineering Contracts	\$
Plan Check Fees & Permits	\$
General Contractor	\$
(Profit)	\$
(Overhead)	\$
(Insurance)	\$
(General Conditions/Job costs)	\$
Furniture	\$
Low Voltage	\$
Landlord construction insurance	\$
Landlord direct costs	\$
Jobsite Security for TI's	\$
Other (Specify)	\$
Total TI Costs	\$

BOARD LETTER/MEMO CLUSTER FACT SHEET

 Board Letter

 Board Memo

 Other

CLUSTER AGENDA REVIEW DATE	10/30/2024	
BOARD MEETING DATE	11/26/2024	
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)	Chief Executive Office	
SUBJECT	Annual LAC-CAL Bond Anticipation Notes Board Letter (FY 2024-25)	
PROGRAM	Los Angeles County Capital Asset Leasing (LAC-CAL) Equipment Program	
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	If Yes, please explain why:	
SB 1439 SUPPLEMENTAL DECLARATION FORM REVIEW COMPLETED BY EXEC OFFICE	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No – Not Applicable	
DEADLINES/ TIME CONSTRAINTS	N/A	
COST & FUNDING	Total cost: \$26,000,000	Funding source: Bond Anticipation Notes (BANs) financing
	TERMS (if applicable): The term of the equipment financing will be consistent with the estimated useful life of the assets being financed (between three to five years).	
	Explanation: Upon the Board's adoption, BANs will be issued to provide interim financing for equipment acquisition. The Auditor-Controller collects monthly payments from the participating County departments, which are used to pay the debt service on outstanding BANs and future debt securities issued to refinance the BANs. Funding for equipment financing payments due in Fiscal Year (FY) 2024-25 has been included in the FY 2024-25 Final Adopted Budget.	
PURPOSE OF REQUEST	Recommend adopting the issuance of BANs in an aggregate amount not-to-exceed \$26,000,000 to finance the acquisition of various equipment through the LAC-CAL Equipment Program in FY 2024-25; and adopting the Resolution of the Board of Supervisors of the County of Los Angeles declaring its intention to reimburse certain capital expenditures from the proceeds of tax-exempt obligations.	
BACKGROUND (include internal/external issues that may exist including any related motions)	This is a routine annual Board letter seeking the Board's approval on equipment financing through the LAC-CAL Equipment Program. Each year this program finances major equipment purchases such as vehicles, machinery, medical equipment, and computers for County departments.	
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:	
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:	
DEPARTMENTAL CONTACTS	Name, Title, Phone # & Email: Lilly Qi, Principal Analyst, (213) 893-2476, Lqi@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"

November 26, 2024

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:

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

SUBJECT

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

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the issuance of short-term Bond Anticipation Notes (BANs) in an aggregate amount not-to-exceed \$26,000,000 to finance the acquisitions of various equipment through the Los Angeles County Capital Asset Leasing Corporation (LAC-CAL).
2. Adopt the Resolution of the Board of Supervisors (Board) of the County of Los Angeles, declaring its intention to reimburse certain capital expenditures from the proceeds of tax-exempt obligations (2024-25 Equipment Bond Anticipation Notes Program).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adoption of the recommended actions will authorize the issuance of short-term BANs to provide interim financing of equipment acquisitions for County departments and enable the County to maximize reimbursement for costs related to the financing of this equipment in accordance with federal tax regulations. This routine Board letter is submitted annually to seek Board approval on the LAC-CAL Equipment Program acquisition.

BANs Authorization for Equipment Acquisitions

The recommended actions will authorize the issuance of BANs in an aggregate amount not-to-exceed \$26,000,000 to provide interim financing for equipment acquisitions by various County departments. The summary of the \$26,000,000 in authorized equipment purchases using the LAC-CAL Equipment Program is attached to the Reimbursement Resolution recommended for adoption as part of this action.

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

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

Reimbursement Resolution

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

Federal Tax Requirements

The current regulations governing the reimbursement of expenditures from tax-exempt obligations are found in Treasury Regulation 1.150-2. To ensure the continued recovery

of allowable expenditures related to equipment acquisitions, the regulations require the Board to adopt an official intent in the form of the Reimbursement Resolution, which states the following:

- The Board's intention to finance capital expenditures related to equipment acquisitions through the issuance of tax-exempt obligations;
- A general description of the proposed project for which the original expenditures are paid;
- The maximum principal amount of obligations expected to be issued for the project; and
- Identification of the expected source(s) of funds from which the original expenditures are paid.

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

Implementation of Strategic Plan Goals

The recommendations support the Board-adopted County Strategic Plan: North Star 3, Realize Tomorrow's Government Today; Focus Area Goal G. – Internal Controls and Processes; Strategy ii. – Manage and Maximize County Assets, by optimizing and leveraging resources to provide cost-effective financing for the County's equipment acquisitions.

FISCAL IMPACT/FINANCING

Adoption of the recommended actions will enable the County to issue BANs to provide interim financing for equipment acquisitions and maximize reimbursement of County expenditures for equipment from the future sale of tax-exempt obligations. The term of the equipment financing will match the estimated useful life of the assets being financed (between three to five years). The Auditor-Controller collects monthly payments from County departments participating in the LAC-CAL Equipment Program, which are used to pay the debt service on outstanding BANs and future debt securities issued to refinance the BANs. Funding for equipment financing payments due in Fiscal Year 2024-25 has been included in the Fiscal Year 2024-25 Final Adopted Budget.

The Honorable Board of Supervisors
November 26, 2024
Page 4

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The enclosed Reimbursement Resolution has been reviewed by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

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

CONCLUSION

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

Respectfully submitted,

FESIA A. DAVENPORT
Chief Executive Officer

FAD:JMN:JTC
VBM:JY:LQ:er

Enclosure

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

**RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF LOS ANGELES
DECLARING ITS INTENTION TO REIMBURSE CERTAIN CAPITAL EXPENDITURES
FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS
(2024-25 EQUIPMENT BANs PROGRAM)**

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

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

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

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

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

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

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

The foregoing Resolution was adopted on the _____ day of _____, 2024, by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies, and authorities for which said Board so acts.

EDWARD YEN
Executive Officer of the
Board of Supervisors of the
County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By 

Senior Deputy County Counsel

SCHEDULE ATTACHMENT
 TO
 RESOLUTION OF THE BOARD OF SUPERVISORS
 OF THE COUNTY OF LOS ANGELES
 DECLARING ITS INTENTION TO REIMBURSE CERTAIN CAPITAL EXPENDITURES
 FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS
 (2024-25 EQUIPMENT BANs PROGRAM)

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

Department	Equipment Category	Anticipated 2024-25 Acquisitions
General Fund		
Beaches and Harbors	Agriculture and Landscape Equipment	\$ 341,000
Beaches and Harbors	Vehicles and Transportation Equipment	236,000
Internal Services Department	Vehicles and Transportation Equipment	4,039,000
Sheriff Department	Vehicles and Transportation Equipment	<u>21,384,000</u>
Total General Fund		<u>\$ 26,000,000</u>
Total Financing		\$ 26,000,000

The equipment identified on this page reflects County equipment requirements to be financed through the LAC-CAL Equipment Program in Fiscal Year 2024-25. The Board has not allocated, reserved, or otherwise set aside any funds in the County’s 2024-25 Final Adopted Budget to purchase the equipment identified above.

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

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

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

BOARD LETTER/MEMO CLUSTER FACT SHEET

 Board Letter

 Board Memo

 Other

CLUSTER AGENDA REVIEW DATE	10/30/2024	
BOARD MEETING DATE	11/26/2024	
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)	CHIEF EXECUTIVE OFFICE	
SUBJECT	Increasing the Lifetime Maximum Benefit for the Anthem Blue Cross Plans Provided by the Los Angeles County Employees Retirement Association	
PROGRAM		
AUTHORIZES DELEGATED AUTHORITY TO DEPT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
SOLE SOURCE CONTRACT	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:	
SB 1439 SUPPLEMENTAL DECLARATION FORM REVIEW COMPLETED BY EXEC OFFICE	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No – Not Applicable	
DEADLINES/ TIME CONSTRAINTS	Los Angeles County Employees Retirement Association (LACERA) needs approval from the Board to begin negotiating with Anthem Blue Cross to increase the limit. Negotiation occurs between September 2024 to December 2024.	
COST & FUNDING	Total cost: unknown	Funding source:
	TERMS (if applicable):	
	Explanation: Once LACERA receives the Board's approval, they will negotiate with Anthem Blue Cross on the rate renewal process for Fiscal Year 2025-26. The increases will be updated in the County's 2025-26 Budget.	
PURPOSE OF REQUEST	Obtain approval from the Board for LACERA to start negotiating within Anthem Blue Cross to increase the lifetime maximum benefits to \$1.5 million.	
BACKGROUND (include internal/external issues that may exist including any related motions)	LACERA administers different healthcare plans for retired County employees. Their Anthem Blue Cross I, Anthem Blue Cross II, and Anthem Blue Cross Prudent Buyer Plans have a lifetime maximum benefit of \$1 million, which has not been increased since 1992.	
EQUITY INDEX OR LENS WAS UTILIZED	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain how:	
SUPPORTS ONE OF THE NINE BOARD PRIORITIES	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please state which one(s) and explain how:	
DEPARTMENTAL CONTACTS	Name, Title, Phone # & Email: Thien-Thu Pham, Principal Analyst, CEO (213) 974-2388 tpham@ceo.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



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"

November 26, 2024

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:

INCREASING THE LIFETIME MAXIMUM BENEFIT FOR THE ANTHEM BLUE CROSS PLANS PROVIDED BY THE LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION (ALL DISTRICTS) (3 VOTES)

SUBJECT

This letter is to request your approval to allow the Los Angeles County Employees Retirement Association to negotiate with Anthem Blue Cross to increase the lifetime maximum benefit for Anthem Blue Cross I, II, and Prudent Buyer plans.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Chief Executive Office to allow the Los Angeles County Employees Retirement Association (LACERA) to begin negotiating with Anthem Blue Cross of California to increase the lifetime maximum benefit from \$1 million to \$1.5 million for the LACERA-administered Anthem Blue Cross I, II, and Prudent Buyer Plans.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Background

The LACERA Board of Retirement (BOR) created the Retiree Healthcare Program in 1971. The BOR controlled the program's benefit structure and administration and was responsible for funding the retiree health plans' premium subsidies.

In 1982, the County and LACERA entered into an agreement, where LACERA relinquished control over the Retiree Healthcare Program structure and reduced the County's 1982 retirement benefit contribution. In return the County agreed to fund the retiree health plans' premium subsidies, up to the benchmark plans' premiums. LACERA continued administering the Retiree Healthcare Program and was responsible for selecting insurance carriers and negotiating coverage terms and rates.

LACERA-Administered Health Plans and Lifetime Maximum Benefit

LACERA administers different healthcare plans for retired LACERA-eligible County employees. Retirees have the option of choosing between Health Maintenance Organizations (HMOs) plans and Indemnity Medical (also known as Preferred Provider Organization) plans.

The HMO plans do not have a lifetime maximum benefit limit. There is one Medicare supplemental plan offered by LACERA, which is the Anthem Blue Cross III, which also has no lifetime maximum benefit.

The Indemnity Medical Plans currently have a lifetime maximum benefit of \$1 million per member. These plans are:

- Anthem Blue Cross I,
- Anthem Blue Cross II, and
- Anthem Blue Cross Prudent Buyer

Once a LACERA member reaches the lifetime cap under these plans, the member has three options for continued healthcare coverage: 1) move to a LACERA-administered HMO plan; 2) move to Anthem Blue Cross III, the Medicare supplemental plan; or 3) purchase a health plan not offered by LACERA. Since 2014, LACERA reported that there have been 40 members enrolled in these plans that reached the lifetime maximum benefit.

Historically, the lifetime maximum benefit has increased incrementally, reaching the current cap of \$1 million in 1992. Because the lifetime maximum benefit has not increased since then, LACERA requests that the County allow an increase to the lifetime maximum benefit for the Anthem Indemnity plans. We request your Board's approval to increase the lifetime maximum benefit from \$1 million to \$1.5 million for the Anthem Blue Cross I, II and Prudent Buyer plans.

Implementation of Strategic Plan Goals

The recommended action in this Board letter supports the County of Los Angeles' Strategic Plan: North Star 1: Make Investments that Transform Lives, Focus Area Goal A: Healthy Individuals and Families.

FISCAL IMPACT/FINANCING

Increasing the lifetime maximum benefit from \$1 million to \$1.5 million will result in premium increases for Anthem Blue Cross I, II, and Prudent Buyer Plans. The estimated premium increase will be \$3.9 million. Once LACERA finalizes negotiations with Anthem Blue Cross, we will update the Fiscal Year 2025-26 Budget to account for the increased costs that the County will pay towards the Retiree Healthcare Program.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Once your Board approves the request to increase the lifetime maximum benefit, our office will request LACERA to begin negotiating with Anthem Blue Cross during their rate renewal process for the fiscal year 2025-26. The lifetime maximum benefit will increase from \$1 million to \$1.5 million, effective July 1, 2025, when the new healthcare plan year begins.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

No impact on current services.

Respectfully submitted,

FAD:JMN:JDS

LR:TTP:rfm

c: Executive Office, Board of Supervisors
County Counsel
Los Angeles County Employees Retirement
Association