



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.lacounty.gov>

DAVID E. JANSSEN
Chief Administrative Officer

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First District

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Fifth District

April 17, 2007

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:

**AMENDMENT NO. 1 TO LEASE NO. L-0444
DEPARTMENT OF MENTAL HEALTH
1224 NORTH VINE STREET, HOLLYWOOD
(THIRD DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached Amendment No. 1 to Lease No. L-0444 with Colonial Mutual, LLC, (Landlord) for the Department of Mental Health (DMH) to occupy 23,400 rentable square feet of office space and 30 parking spaces at 1224 North Vine Street, at a maximum annual rental cost of \$673,920 which is fully funded with State and Federal funds. The lease term and rent will commence on May 1, 2007, upon approval by your Board.
2. Consider the attached Negative Declaration, together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County of Los Angeles (County) to approve the Negative Declaration, find that the project will have no adverse effect on wildlife resources, and authorize the Chief Administrative Office (CAO) to complete and file a Certificate of Fee Exemption for the project.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to extend the term of the current ten-year lease for an additional ten years, thereby allowing DMH to provide uninterrupted services for the local community. The current lease expired on March 2, 2007, and occupancy has continued on a month-to-month holdover basis. The subject facility has housed the Hollywood Mental Health Center (HMHC) for the past ten years.

HMHC is a direct service, outpatient mental health center for adults. Total annual caseload for HMHC is approximately 3,000 cases and approximately 120 cases are seen daily. Clients receive individual and group therapy at the facility.

A variance was needed from the City of Los Angeles (City) ten years ago due to zoning restrictions related to an adjacent school use and parking. As part of the variance, the City restricted DMH to a maximum of 50 employees at this facility. Ideally, a facility of this size should house 80-90 employees. Due to the real estate market conditions in the Hollywood area and DMH's budget constraints, it has been determined that renewing the lease under the existing variance restriction is the most prudent solution and means to continue uninterrupted delivery of services to the community. In accordance with the variance, the 30 on-site parking spaces provided in the lease have been supplemented with off-site parking and will continue to be supplemented. A separate administrative agreement for parking at the ArcLight Theatre is being processed.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we enhance the quality and productivity of the County workforce (Goal 2). The proposed lease amendment supports this goal by providing a quality and efficient work environment for DMH's employees, which is conducive to maximizing employee productivity. A quality and efficient work environment supports DMH staff in improving the social and emotional well-being of children and families in Los Angeles County (Goal 5). Compliance with the County's Strategic Asset Management Principles is further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum annual rental cost for the proposed lease amendment is \$673,920.

1224 North Vine Street, Hollywood	Existing Lease	Proposed Lease Amendment	Change
Term	Ten Years (3/3/97 to 3/2/07) currently month-to-month.	Ten Years (5/1/07 to 4/30/17)	+ Ten Years
Total Area	23,400 sq. ft.	23,400 sq. ft.	None.
Parking Spaces	30	30	None.
Maximum Annual Rent	\$498,963 (\$21.32 per sq. ft.)	\$673,920 (\$28.80 per sq. ft.)	+\$174,957 +(\$7.48 per sq. ft.)
Cancellation	County may cancel anytime after the 84 th month with 12 months notice.	County may cancel between the 60 th and 62 nd months and the 96 th and 98 th months with 12 months notice.	Between the 60 th and 62 nd months and the 96 th and 98 th months.
Option to Renew	None.	Two, five-year options at fair market rent.	Two, five-year options at fair market rent.
Rental Adjustment	Annual CPI with four percent cap	Fixed four percent increase.	Fixed four percent increase.

Sufficient funding for the proposed lease is included in the 2006-07 Rent Expense Budget and will be billed back to DMH. DMH will allocate sufficient funds in its 2007-08 operating budget to cover the projected lease costs. The costs associated with the proposed lease are fully funded with State and Federal funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed facility will house the HMHC and 50 staff for an additional ten years. The terms of the proposed lease amendment are as follows:

- The term commences May 1, 2007, and expires on April 30, 2017.
- This is a modified-gross lease agreement whereby the Landlord is responsible for all operating costs associated with the County's tenancy except utilities and property taxes. There are restrictions on increases in property taxes for the initial eight years of the term.
- There is a cancellation provision allowing the County to cancel between the 60th and 62nd months and the 96th and 98th months upon 12 months advance notice to the Landlord.

- The rent shall be increased annually by four percent.
- As part of the base rent, the Landlord shall replace the carpet at its sole cost and expense based on the County's specifications.

CAO Real Estate staff conducted a market survey within the Hollywood area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Based upon said survey, staff has established that the rental range for a similar modified gross service lease is between \$28.80 and \$39.00 per square foot per year. Thus, the proposed annual rental rate of \$28.80 represents a rate at the low end of the market range for the area. Attachment B shows County-owned or leased facilities in the Hollywood area and there are no County-owned or leased facilities available for this requirement.

ENVIRONMENTAL DOCUMENTATION

The CAO has made an Initial Study of environmental factors and has concluded that there will be no significant impact on the environment and no adverse effect on the wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act (CEQA) and the CEQA Guidelines, Section 15072. Copies of the completed Initial Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached. No comments to the Negative Declaration were received during the public comment period. A fee must be paid to the State Department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease will provide the necessary office space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DMH concurs with this recommendation.

The Honorable Board of Supervisors
April 17, 2007
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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease and the adopted, stamped Board letter, and two certified copies of the Minute Order to the CAO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD
CEM:KW:hd

Attachments (3)

c: County Counsel
Department of Mental Health

**DEPARTMENT OF MENTAL HEALTH
1224 NORTH VINE STREET, HOLLYWOOD
Asset Management Principles Compliance Form¹**

1. Occupancy		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 250 sq. ft. of space per person? ² Lease represents 468 sf per person. Excess due to variance which limits staff count to 50, and the premises is not divisible.		X	
2. Capital				
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; capital lease or operating lease with 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 Attachment B?	X		
G	Was build-to-suit or capital project considered? Build-to-suit and capital projects are not viable for projects of this size.		X	
3. Portfolio Management				
A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?	X		
D	Why was this program not co-located?			
	1. The program clientele requires a "stand alone" facility.			
	2. X No suitable County occupied properties in project area.			
	3. X 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 Landlord is responsible for all operating expenses, except utilities and property taxes. Landlord is unwilling to accept responsibility for utilities and property taxes.		X	
F	Has growth projection been considered in space request? The variance limits staff count to 50.		X	
G	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?	Please bold any written responses		

ATTACHMENT B

**DEPARTMENT OF MENTAL HEALTH
SPACE SEARCH - 5 MILE RADIUS FROM
1224 NORTH VINE STREET, HOLLYWOOD**

LACO	FACILITY NAME	ADDRESS	GROSS SQ. FT.	NET SQ. FT.	OWNERSHIP	AVAILABLE SQ. FT.
5873	DHS-NORTH HOLLYWOOD PUBLIC HEALTH CENTER	5300 TUJUNGA AVE, NORTH HOLLYWOOD 91601	7511	4286	OWNED	NONE
T400	HS-NORTH HOLLYWOOD PUBLIC HEALTH CENTER ANNEX	5300 TUJUNGA AVE, NORTH HOLLYWOOD 91601	1347	1280	OWNED	NONE
A481	DPSS-GLENDALE FAMILY SERVICE CENTER	4680 SAN FERNANDO RD, GLENDALE 91204	80000	70420	LEASED	NONE
4608	PUBLIC LIBRARY-WEST HOLLYWOOD LIBRARY	715 N SAN VICENTE BLVD, WEST HOLLYWOOD 90069	5170	4581	OWNED	NONE
5459	WEST HOLLYWOOD RON STONE HEALTH CLINIC	621 N SAN VICENTE BLVD, WEST HOLLYWOOD 90069	8897	6405	OWNED	NONE
F684	PW FLOOD-NICHOLS CANYON DEBRIS BASIN OFFICE	1945 NICHOLS CANYON RD, LOS ANGELES 90046	160	144	OWNED	NONE
3972	FORD AMHPITHEATRE-SPECIAL EVENTS OFFICE	2580 CAHUENGA BLVD E, HOLLYWOOD 90068	965	825	OWNED	NONE
X456	HIGHLAND CAMROSE-BUNGALOW A	2101 N HIGHLAND AVE, HOLLYWOOD 90068	842	800	OWNED	NONE
X458	HIGHLAND CAMROSE-BUNGALOW B	2101 N HIGHLAND AVE, HOLLYWOOD 90068	1000	950	OWNED	NONE
X459	HIGHLAND CAMROSE-BUNGALOW C	2101 N HIGHLAND AVE, HOLLYWOOD 90068	1000	950	OWNED	NONE
X460	HIGHLAND CAMROSE-BUNGALOW G	2101 N HIGHLAND AVE, HOLLYWOOD 90068	1055	1000	OWNED	NONE
X461	HIGHLAND CAMROSE-BUNGALOW H	2101 N HIGHLAND AVE, HOLLYWOOD 90068	1000	950	OWNED	NONE
X464	HIGHLAND CAMROSE-BUNGALOW M	2101 N HIGHLAND AVE, HOLLYWOOD 90068	1000	950	OWNED	NONE
3969	HOLLYWOOD BOWL-ADMINISTRATION BUILDING	2301 N HIGHLAND AVE, HOLLYWOOD 90068	5137	4369	OWNED	NONE
4944	HOLLYWOOD BOWL-CONCESSION OFFICE	2301 N HIGHLAND AVE, HOLLYWOOD 90068	844	714	OWNED	NONE
3970	HOLLYWOOD BOWL-VOLUNTEER COTTAGE	2301 N HIGHLAND AVE, HOLLYWOOD 90068	1290	707	OWNED	NONE

B393	HOLLYWOOD COURTHOUSE	5925 HOLLYWOOD BLVD, HOLLYWOOD 90028	61571	22544	FINANCED	NONE
5461	DHS-HOLLYWOOD/WILSHIRE PUBLIC HEALTH CENTER	5205 MELROSE AVE, LOS ANGELES 90038	27578	14811	OWNED	NONE
5421	BEVERLY HILLS COURTHOUSE	9355 BURTON WAY, BEVERLY HILLS 90210	80566	40892	FINANCED	NONE
A578	AUDITOR - SHARED SERVICES INITIATIVE	3470 WILSHIRE BLVD, LOS ANGELES 90010	11400	10830	LEASED	NONE
A424	DPSS-EQUITABLE PLAZA BUILDING	3435 WILSHIRE BLVD, LOS ANGELES 90010	65871	62577	LEASED	NONE
A532	HEALTH-WILSHIRE METROPLEX BUILDING	3530 WILSHIRE BLVD, LOS ANGELES 90010	113027	101920	LEASED	NONE
A425	DCFS-DEPARTMENTAL HEADQUARTERS BUILDING	425 SHATTO PL, LOS ANGELES 90020	80756	76065	LEASED	NONE
A369	DCFS-PROCUREMENT AND SPECIAL SERVICES OFFICE	501 SHATTO PL, LOS ANGELES 90020	17751	15976	LEASED	NONE
A408	DCFS-THE U S BORAX BUILDING	3075 WILSHIRE BLVD, LOS ANGELES 90010	132488	105568	LEASED	NONE
X532	DCSS-LE SAGE COMPLEX 1 STORY BLDG(REDD-TAGGED)	532 S VERMONT AVE, LOS ANGELES 90020	27179	10314	OWNED	NONE
X317	DCSS-LE SAGE COMPLEX 4 STORY BUILDING	3175 W 6TH ST, LOS ANGELES 90020	52230	42341	OWNED	NONE
A413	HUMAN RESOURCES-WILSHIRE SQUARE TWO BUILDING	3333 WILSHIRE BLVD, LOS ANGELES 90010-4109	76304	65438	LEASED	NONE
X550	MENTAL HEALTH-LE SAGE COMPLEX TOWER	550 S VERMONT AVE, LOS ANGELES 90020-1991	171651	149668	OWNED	NONE
X510	PARKS & REC-LE SAGE COMPLEX 2 STORY BUILDING	510 S VERMONT AVE, LOS ANGELES 90020	31540	24835	OWNED	NONE
Y193	PARKS & RECREATION-HEADQUARTERS BUILDING	433 S VERMONT AVE, LOS ANGELES 90020	31862	21777	OWNED	NONE
A336	SHERIFF-WILSHIRE CENTRE BUILDING	3055 WILSHIRE BLVD, LOS ANGELES 90010	7755	7115	LEASED	NONE
B695	HEALTH-IMMUNIZATION PRGM/ENVIRONMENTAL HEALTH	695 S VERMONT AVE, LOS ANGELES 90010	58572	54930	LEASED	NONE
C660	DPSS-GAIN PROGRAM REG IV/ MEDICAL OUTSTATION	2910 W BEVERLY BLVD, LOS ANGELES 90057	120327	33635	LEASED	NONE

A600	CENTRAL CIVIL WEST COURTHOUSE	600 S COMMONWEALTH AVE, LOS ANGELES 90005	208799	156237	LEASED	NONE
B500	DHS-WORKFORCE DEVELOPMENT PROGRAM	500 S VIRGIL AVE, LOS ANGELES 90020	8000	7200	PERMIT	NONE
A360	DPSS-METRO NORTH AP/ CALWORKS DISTRICT OFFICE	2601 WILSHIRE BLVD, LOS ANGELES 90057	62000	60140	LEASED	NONE
B922	DPSS-WILSHIRE SPECIAL DISTRICT OFFICE	2415 W 6TH ST, LOS ANGELES 90057	46228	42065	LEASED	NONE
D015	DPSS-CATHOLIC CHARITIES COMPUTER CENTER	1530 JAMES M WOOD BLVD, LOS ANGELES 90017	200	200	PERMIT	NONE
A388	ALT PUBLIC DEF-WILSHIRE-BIXEL BUILDING	1055 WILSHIRE BLVD, LOS ANGELES 90017	6500	6175	LEASED	NONE

COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE

NEGATIVE DECLARATION

I. Location and Description of the Project

The proposed project is for the County of Los Angeles to lease facilities at 1224 North Vine Street, Hollywood, California, which will be used by the Department of Mental Health for administrative and clinical purposes. The facilities, located in the Third Supervisorial District approximately 6 miles from the Los Angeles Civic Center, include 23,400 square feet of office space. The County shall have use of 30 off-street parking spaces for Mental Health staff and visitors. The Landlord has no expansion plans beyond the scope of this project.

II. Finding of No Significant Effect

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

III. Mitigation Measures

None required.

ORIGINAL FILED

MAR 20 2007

LOS ANGELES, COUNTY CLERK

INITIAL STUDY

I. Location and Description of Project

These proposed leased premises are located at 1224 North Vine Street, Hollywood, located in the Third Supervisorial District approximately 6 miles northwest of the Los Angeles Civic Center and 1 mile north of the 101 Hollywood Freeway. (See attached map)

The building to be used is owned by Colonial Mutual, LLC. and is intended for use as office/medical space. Located at the site are 30 exclusive off-street parking spaces for the County's use and ample public parking located on the surface streets surrounding the area.

This project consists of leasing this facility for 10 years in which will be located the Department of Mental Health, Hollywood Mental Health Center. It is anticipated that an average of 35-50 employees will be occupying the premises with the maximum employee occupancy anticipated to be 50 per day. In addition to the employees, it is anticipated that an average of 120-130 members of the public will be visiting the facility, daily, to receive individual and group mental health services. No expansion of existing premises will occur for this project and no alterations, except for interior furnishings, will be performed for this project.

II. Compatibility with General Plan

This project site is currently designated as commercial office use in the City of Los Angeles General Plan and zoned LAC2. The proposed project would be consistent with these designations.

III. Environmental Setting

The project site is located in an area of residential, retail and commercial type facilities. The site includes approximately 23,400 square feet of developed property within a 13,460 square foot parcel. The site is bordered by Fountain Ave on the north side, Lexington Avenue on the south side, Lillian Way on the west side, and El Centro Avenue on the east side.

IV. Identification of Environmental Effects

- A. The impact of the proposed project on existing land forms will be negligible as no reshaping of the soil nor excavation nor foundations, utility lines, sewer lines or water lines will be necessary.
- B. The project will not conflict with adopted environmental plans and goals of the City of Los Angeles.

- C. The project will not have a substantial demonstrable negative aesthetic effect on the site. The existing facility will be continued to be maintained as part of the lease arrangement.
- D. No rare or endangered species of animal or plant or the habitat of the species will be affected by the project. Nor will it interfere substantially with the movement of any resident fish or wildlife species or migratory fish or wildlife species.
- E. The project will not breach published national, state or local standards relating to solid waste or litter control.
- F. Development will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.
- G. There are no known archeological sites existing at the project site.
- H. The proposed project will not induce substantial growth or concentration of population.
- I. The project will not cause a substantial increase to existing traffic. Nor will it affect the carrying capacity of the present street system. This is a government use of private property for public benefit purposes. The County's use is in conformance with uses approved by the City of Los Angeles.
- J. The project will not displace any persons from the site.
- K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area when occupied by private tenants.
- L. The proposed developed project will not cause flooding, erosion or siltation.
- M. The project will not expose people or structures to major geologic hazards.
- N. The project will not expend a sewer trunk line. All necessary utilities are available currently to the facility.
- O. No increased energy consumption is anticipated by the County's use of the premises.

- P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.
- Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.
- R. The project will not violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

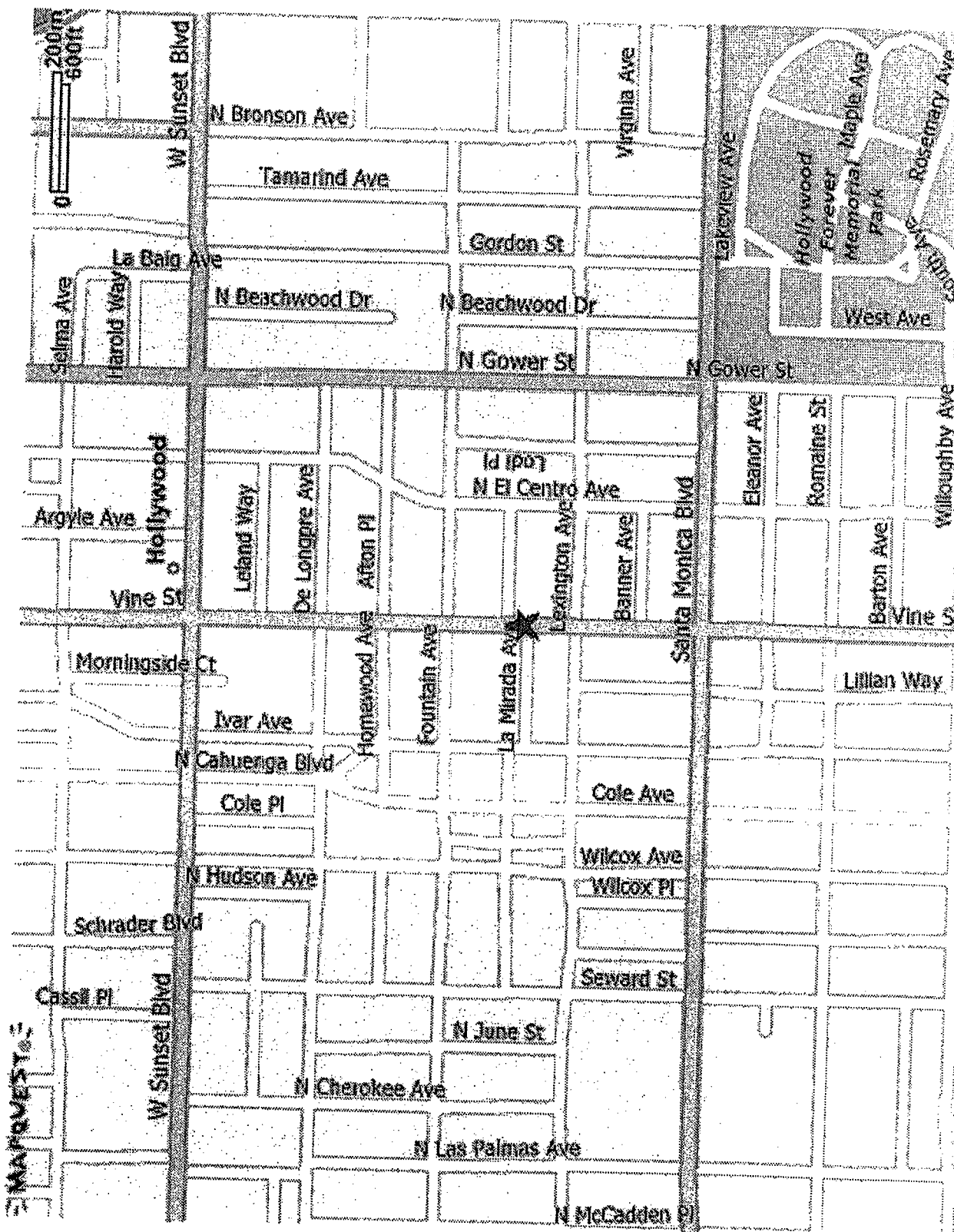
V. Discussions of Ways to Mitigate Significant Effects

The proposed project is not expected to create any significant effects on the environment. To mitigate any effects upon the surrounding community the following measures will be implemented:

- A. None Required.

VI. Initial Study Preparation

This study was prepared by Kevin Webb of the Los Angeles County Chief Administrative Office, Real Estate Division. This study was completed on March 15, 2007.



200m
600ft

W Sunset Blvd

N Bronson Ave

Tamarind Ave

Virginia Ave

La Bala Ave

Gordon St

Lakeview Ave

Hollyhock
Forever
Memorial Maple Ave
Park
Rosemary Ave
West Ave

Selma Ave
Harold Way

N Beachwood Dr

N Beachwood Dr

N Gower St

N Gower St

Argyle Ave

Hollyhock

Vine St

Leland Way

De Longpre Ave

Afton Pl

N El Centro Ave

Lexington Ave

Banner Ave

Santa Monica Blvd

Elsamor Ave

Romaine St

Barton Ave

Willoughby Ave

Morningside Ct

Ivar Ave

Homewood Ave

Fountain Ave

La Mirada Ave

★

Lillian Way

N Cahuenga Blvd

Cole Pl

Cole Ave

Schrader Blvd

N Hudson Ave

Wilcox Ave

Wilcox Pl

Cassil Pl

W Sunset Blvd

Seward St

N June St

N Cherokee Ave

N Las Palmas Ave

N McCadden Pl

MAPQUEST

DATE POSTED – March 20, 2007

NOTICE OF PREPARATION OF NEGATIVE DECLARATION

This notice is provided as required by the California Environmental quality Act and California Administrative Code Title 14 Division 6, Section 15072 (a) (2) B.

A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

1. Name of Proponent - County of Los Angeles
Chief Administrative Office
2. Address/Phone No. - 222 South Hill Street, 3rd Floor
Los Angeles, California 90012

<u>Agent</u>	<u>Telephone</u>
Kevin Webb	(213) 974-4170
3. Date Information Form Submitted – March 20, 2006
4. Agency Requiring Information Form - Los Angeles County
Chief Administrative Office
5. Name of Proposal, if Applicable -
6. Address of Facility Involved – 1224 North Vine Street
Hollywood, CA 90038

ORIGINAL FILED

MAR 20 2007

LOS ANGELES, COUNTY CLERK

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2. above and referring to the proposal by name or to the facility by address.

Si necesita informacion en espanol, por favor de comunicarse con el agente designado, para asistencia en obtener una traduccion.

**AMENDMENT NO. 1 TO COUNTY LEASE NO. L-0444
MENTAL HEALTH
1224 NORTH VINE STREET, HOLLYWOOD**

This Amendment No. 1 to Lease No. L-0444 ("Amendment No. 1") is made and entered into this _____ day of _____, 2007, by and between COLONIAL MUTUAL, LLC ("Lessor"), and the COUNTY OF LOS ANGELES, a body politic and corporate, ("Lessee").

WHEREAS, Burgh Seanbaile, Inc., ("Original Lessor"), predecessor-in-interest to Lessor and Lessee entered into that certain County Lease No. L-0444 dated April 4, 1995 (the "Lease") whereby Original Lessor leased to Lessee approximately 23,400 rentable square feet of office space in the building located at 1224 North Vine Street, Hollywood, California (the "Premises"), for a term of ten (10) years (the "Initial Term") from March 3, 1997 to March 2, 2007; and

WHEREAS, the Initial Term for the Premises expired on March 2, 2007 and is continuing on a month-to-month basis; and

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

WHEREAS, Lessor is the successor-in-interest to Burgh Seanbaile, Inc., and, as such, assumes all of the rights and obligations of Burgh Seanbaile, Inc. arising under the Lease, as amended hereby; and

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, Lessor and Lessee hereby covenant and agree to amend Lease No. L-0444 as amended as follows:

1. Paragraph 2. TERM, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

- (a) Term. The term of this Lease shall be for a period of ten (10) years and shall commence on May 1, 2007 (the "Commencement Date") and expire on April 30, 2017 (the "Expiration Date") subject to any Options to Cancel as set forth herein in Section 5.

2. Paragraph 3. RENT, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

- (a) Rent. Lessee hereby agrees to pay as rent for the Premises the sum of Fifty Six Thousand One Hundred Sixty Dollars (\$56,160.00) per month, i.e. Two and 40/100 Dollars (\$2.40) per rentable square foot per month for months One (1) through Twelve (12) of the Lease term. A monthly installment in the same amount, subject to the adjustments described herein below, shall be due and payable without demand on or before the first day of each calendar month succeeding the Commencement Date hereof during the term, except that rent for any fractional calendar month at the commencement or end of the term shall be prorated on a daily basis.

Landlord shall file a payment voucher with the Auditor of the County of Los Angeles (the "County") for the monthly rent prior to the Commencement Date for the initial month(s) of the Term up to and including June, and annually thereafter in June for the ensuing 12 months. Any and all other tenant payment obligations under the Lease, including the payment of any property taxes and insurance costs, shall be considered additional rent.

- (b) Rent Adjustment. At the beginning of the 13th month of the Lease Term and every twelve months thereafter, the Rent shall be increased as follows:

<u>Months</u>	<u>Monthly Rent</u>
13-24	\$58,406.40
25-36	\$60,742.66
37-48	\$63,172.36
49-60	\$65,699.26
61-72	\$68,327.23
73-84	\$71,060.32
85-96	\$73,902.73
97-108	\$76,858.84
109-120	\$79,933.19

3. Paragraph 5. CANCELLATION, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

Lessee shall have the right to cancel this Lease after the 60th month and before the 62nd month and again after the 96th month and before the 98th month by giving Lessor not less than three hundred sixty five (365) calendar days prior written notice from the County Chief Administrative Office prior to the 60th month and the 96th month, respectively.

4. Paragraph 15. NOTICES, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by enclosing the same in a sealed envelope with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service.

Any such notice and the envelope containing the same shall be addressed to the Lessor as follows:

Colonial Mutual, LLC
Attention: Kari de burgh
P.O. Box 675790
Rancho Santa Fe, CA 92067

or such other place as may hereinafter be designated in writing by the Lessor except that Lessor shall at all times maintain a mailing address in California.

The notices and envelopes containing the same shall be addressed to the Lessee as follows:

Board of Supervisors
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, CA 90012

with a copy to:

Chief Administrative Office
Real Estate Division
Attention: Director of Real Estate
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012

5. Paragraph 16. CONDEMNATION, is hereby amended to provide that Lessor, not Lessee, shall be entitled to any Bonus Value of the leasehold in the event of any condemnation.

6. Paragraph 17. INSURANCE, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

(a) Lessor's Insurance. During the term of this Lease, Lessor shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Lessor's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value.

(ii) Comprehensive General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$2,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

(iii) Failure by Lessor to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease shall constitute a material breach of this Lease.

(b) Insurance Requirements. All insurance policies required to be maintained by Lessor under this Lease shall be issued by insurance companies which have a Best's Rating of "A VII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Lessee shall be written as primary policies, not contributing with, and not in excess of coverage which Lessor may carry.

(c) Certificates. Both parties shall deliver to the other party on the Commencement Date of this Lease and thereafter at least 15 days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Lessee has been named a loss payee on Lessor's commercial property insurance policy, as required.

Further, all certificates shall expressly provide that no less than 30 days' prior written notice shall be given to Lessee in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

(d) Waiver of Subrogation. Lessor and Lessee each hereby waive their rights of subrogation against one another to the extent the loss is covered by the property insurance policies required to be carried hereunder. Lessor shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Lessee.

(e) Lessee's Insurance. During the term of this Lease, Lessee shall maintain the following insurance:

(i) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

(ii) Failure by Lessee to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease shall constitute a material breach of this Lease. Lessee shall have the right to use its self-insurance programs to comply with any and all of the insurance requirements herein.

7. Paragraph 18. TAXES, is hereby amended to add the following language which shall be added after the second paragraph as follows:

The restriction on increases in real property taxes payable by Lessee set forth in this Section 18 shall be limited to the initial 96 months of the term. After the 96th month, Lessee shall be responsible for any increases in real property taxes on the Premises.

8. Paragraph 22. GENERAL PROVISIONS. is hereby amended to add the following language which shall be added as subsection 22 (S) as follows:

Lessor and Lessee each represent and warrant to each other that they have not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and each party shall indemnify and hold harmless the 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.

9. Paragraph 22. GENERAL PROVISIONS. is hereby amended to delete the following Subsections in their entirety:

22 (D) Recordation;

22 (N) Arbitration.

10. Paragraph 22. GENERAL PROVISIONS. Subsection 22 (Q) is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

Community Business Enterprises Lessor shall complete and deliver to Lessee concurrently with the execution hereof a Community Business Enterprises form set forth as Exhibit "D" attached hereto and incorporated herein by this reference.

11. Paragraph 25. TENANT IMPROVEMENTS, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

Lessor has completed all Tenant Improvements except the repainting of the walls and replacement of the carpet as set forth in Section 9A. Lessee has accepted the Tenant Improvements and will continue occupying the Premises in its present condition, subject to the replacement of the carpet.

Within 30 days of the Commencement Date set forth herein, Lessor shall commence replacing the carpet throughout the entire Premises, at its sole cost and expense pursuant to Lessee's specifications. Lessor's obligation shall include removal and proper disposal of the existing flooring materials as well as the moving, lifting and re-installing of furniture and fixtures.

12. Notwithstanding anything to the contrary herein, all of the terms and conditions contained in the Lease, which are not modified by this Amendment No. 1, shall remain in full force and effect. In the event of a conflict between the Lease and this Amendment No. 1, the terms of Amendment No. 1 shall control.

13. Each of the undersigned signatories for the Lessor personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this mutual representation.

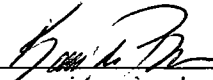
14. This Amendment contains the entire agreement of the parties with respect to the subject matter contained herein and supersedes any and all prior agreements of Lessor and Lessee with respect to the Premises.

15. All undefined terms when used herein shall have the same respective meanings as are given under the Lease as amended unless expressly otherwise provided in this Amendment No. 1.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 1 or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Amendment No. 1 to be executed on its behalf by the Chair of said Board and attested to by the Clerk thereof the day, month, and year first above written.

LESSOR:

COLONIAL MUTUAL, LLC

By 
Name KARI DE BURGH
Title MANAGING MEMBER - COLONIAL MUTUAL LLC.

By _____
Name _____
Title _____

LESSEE:

COUNTY OF LOS ANGELES

By _____
ZEV YAROSLAVSKY
Chairman, Board of Supervisors

ATTEST:
Sachi A Hamai
Executive Officer-Clerk
of the Board of Supervisors

By _____

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
COUNTY COUNSEL

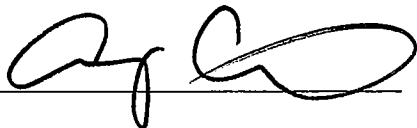
By 

EXHIBIT D

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 CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

Firm Name	
Address	
Contact Name	
Telephone No.	
Total # of Employees	
Business Structure*	

*Corporation, Partnership, etc.

MINORITY/WOMEN PARTICIPATION IN FIRM

	OWNERS PARTNERS	ASSOCIATE PARTNERS	MANAGERS	STAFF	TOTAL
Black/African American					
Hispanic/Latin					
Asian American					
Portuguese American					
A. Indian/Alaskan					
All Others					
TOTAL					
Women*					

*Should be included in counts above and reported separately)

PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

	TOTAL # OF OWNERS	% OF OWNERSHIP
Black/African American		
Hispanic/Latin American		
Asian American		
Portuguese American		
American Indian/Alaskan Native		
All Others		
TOTAL		
Women*		

**Should be included in counts above and reported separately*

CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

Is your firm currently certified as a minority owned business firm by the:

	yes	No	
State of California?			
City of Los Angeles?			
Federal Government?			

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS FORM.

	Initial	
Initial here if applicable		

SIGNED:

TITLE:

DATE: