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Santos H. Kreimann
Acting Director
Kerry Silverstrom
Chief Deputy

November 12, 2008

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:

**AMENDMENT TO LEASE TO EXTEND OUTSIDE COMPLETION DATE -
ADMIRALTY APARTMENTS (Parcel 140V at 4170 Admiralty Way) –
MARINA DEL REY
(FOURTH DISTRICT)
(4 VOTES)**

SUBJECT

Request for approval of an amendment to the existing lease for Parcel 140V (Admiralty Apartments), which extends the outside completion date for construction of the redeveloped Admiralty Apartments in Marina del Rey by slightly over eight months.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the Regional Planning Commission, acting on behalf of the County, has previously considered and adopted a mitigated negative declaration for the proposed redevelopment project contemplated by the Amended and Restated Lease No. 6121 with respect to Parcel 140V (Admiralty Apartments).
2. Authorize the Chair to execute Amendment No. 1 to Amended and Restated Lease No. 6121 reflecting an extension of the outside completion date for construction of the project to January 31, 2009 and a

retroactive increase in the monthly minimum rent from \$5,632.69 to \$33,936.00 per month, effective June 1, 2008.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County is the lessor of a ground lease for Parcel 140V. On May 23, 2006, your Board approved the Amended and Restated Lease No. 6121 ("Lease") to facilitate redevelopment of the Admiralty Apartments on Parcel 140V, which provided an outside completion date of May 23, 2008 for construction of the new four-story 179-unit apartment building. During construction of the project, the lessee encountered numerous unforeseen delays and thereby missed the required outside completion date. The lessee's construction lender has raised concerns about the lessee's compliance with the lease. Additionally, the County has not been receiving the monthly minimum rent it negotiated, which was to commence once the project was completed. Instead, the lessee has continued to pay holding rent.

Accordingly, we are recommending the Board's approval of the requested Amendment so as to extend the required completion date until January 31, 2009. In return for the extension of the outside completion date, Lessee has agreed to pay the County the monthly minimum rent to which the County would have been entitled if the project had been completed by May 23, 2008.

Implementation of Strategic Plan Goals

The recommended action will allow the lessee to proactively redevelop its leasehold improvements, which will result in fulfillment of approved Strategic Plan Goal Nos. 1 and 4, "Service Excellence" and "Fiscal Responsibility", respectively.

FISCAL IMPACT/FINANCING

Minimum Rent

As compensation for extending the outside completion date, the lessee will pay the monthly minimum rent of \$33,936.00, retroactive to June 1, 2008, as if the project had been completed on time.

Operating Budget Impact

Upon your Board's approval of the Amendment, the monthly minimum rent shall be increased from \$5,632.69 to \$33,936.00 effective June 1, 2008, which would have been the rent if the original outside completion date had been met. This revenue increase is accounted for in the FY 2008-09 Final Adopted Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The term of the lease for Parcel 140V commenced on October 1, 1962 and will expire on September 30, 2061 under its extended term.

County Counsel has approved the Amendment as to form.

ENVIRONMENTAL DOCUMENTATION

On December 10, 2003, the Regional Planning Commission considered and adopted a mitigated negative declaration for the proposed redevelopment project contemplated by the Lease, concluding that the proposed project, with the incorporation of the mitigation measures, will have no significant effect on the environment. The proposed Amendment No. 1 does not raise any new or different environmental impacts.

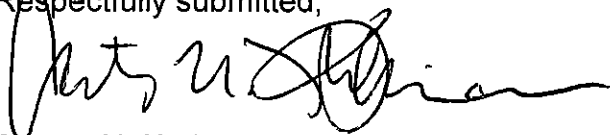
IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on other current services or projects.

CONCLUSION

Please authorize the Executive Officer of the Board to send two copies of the executed Amendment to the Department of Beaches and Harbors.

Respectfully submitted,



Santos H. Kreimann, Acting Director

SHK:ks

Attachments (1)

c: County Counsel