County of Los Angeles
CHIEF EXECUTIVE OFFICE
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

August 7, 2012

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. 73580
DEPARTMENT OF MENTAL HEALTH
1499 HUNTINGTON DRIVE, SOUTH PASADENA
(FIFTH DISTRICT) (3 VOTES)

SUBJECT

This is a recommendation to approve a lease extension for 4,210 rentable square feet of office space for the Department of Mental Health.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the project is exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).

2. Approve and instruct the Chairman to sign the lease amendment with KS-703, LLC, for 4,210 rentable square feet of office space at 1499 Huntington Drive, South Pasadena to be occupied by the Department of Mental Health. The initial maximum annual lease costs are $95,988, which is fully funded with State and Federal funds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to extend the lease term an additional five years, thereby providing the Department of Mental Health (DMH) with uninterrupted use of the subject facility. DMH's Court Linkage program has been located at the subject facility since June 2002. The Court Linkage program enhances access to mental health services and continuity of care for adults that are incarcerated or involved in the criminal justice system. The subject facility currently houses 20 full-time employees that provide field-based mental health services at the courts and jails.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of the County's operations to support the timely delivery of customer-oriented and efficient public services. Approval of the lease will provide the continued occupancy of the office space that houses DMH programs. The lease amendment is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum first year rental costs for this lease amendment will be $95,988.

1499 Huntington Drive, South Pasadena	**Existing Lease**	**Proposed Lease Amendment No.1**	**Changes**
Area	4,210 square feet (sq. ft.)	4,210 square feet (sq. ft.)	None
Term	6/1/2002 to 5/31/2012 Month-to-Month (5/31/12-Present)	8/7/12 to 7/31/17 Upon Board approval	+5 years
Annual Rent	$98,518 ($23.40 per sq. ft.)	$95,988 ($22.80 per sq. ft.)	-$2,530
Annual Rent Adjustment	Annual Consumer Price Index (CPI) adjustment with a cap of 4%	Annual CPI adjustment with a cap of 4%	None
Parking (included in Rent)	12 spaces	12 spaces	None
Cancellation	Anytime after the 5th Year upon 90 days notice	Anytime after the 3rd Year upon 90 days notice	Anytime after the 3rd Year

Sufficient funding for the proposed lease is included in the Fiscal Year (FY) 2012-13 Rent Expense budget and will be billed back to DMH. DMH has allocated sufficient funds in its FY 2012-13 operating budget to cover the projected lease costs. The rental costs are fully funded through State and Federal funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The existing terms and conditions of the original lease shall remain unchanged for the proposed new lease, except the following provisions:

- The new lease term shall commence upon Board approval, and terminate five years thereafter.
- An option to terminate after the 36th month of the extended term is included.
- The Landlord is to replace the carpet and paint the interior walls of the premises at its sole cost.
- The Landlord will continue to be responsible for all building operating expenses, except utilities.

Based upon a market survey of similar office properties, staff has determined that the rental costs including parking for similar properties and similar lease terms are between $22.80 and $27.00 per square foot per year. Thus, the proposed annual rental cost of $22.80 is within the market rental range for the area.

Notice has been sent to the City of South Pasadena (City) pursuant to Government Code Sections 65402 and 25351. The City has no objections to the proposed renewal.

A child care center in this building is not feasible.

ENVIRONMENTAL DOCUMENTATION

The Chief Executive Office (CEO) has concluded that this project is exempt from the California Environmental Quality Act (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).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will provide the office space necessary for DMH to maintain its Unit at the current location. DMH concurs with the recommendation herein.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return three certified copies of the Minute Order and the adopted stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:KW:ns

Attachments

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

DEPARTMENT OF MENTAL HEALTH
1499 HUNTINGTON, SOUTH PASADENA
Asset Management Principles Compliance Form[1]

			Yes	No	N/A
1.	**Occupancy**				
	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] **4210/20 = 210sqft per FTE. This is existing space that cannot be divided to provide 200 sqft per FTE. The space was originally designed to house 26 FTEs.**		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; 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 Attachment B?	X		
	G	Was build-to-suit or capital project considered? [2] **Budget conditions do not support such a project at this time.**		X	
3.	**Portfolio Management**				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?	X		
	D	Why was this program not co-located?			
		1. ___ The program clientele requires a "stand alone" facility.			
		2. _X_ No suitable County occupied properties in project area.			
		3. _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] **The landlord is unwilling to be responsible for utility charges.**		X	
	F	Has growth projection been considered in space request?		X	
	G	Has the Dept. of Public Works completed seismic review/approval?	X		

[1]As approved by the Board of Supervisors 11/17/98

[2]If not, why not?

Attachment B

SPACE SEARCH, 5 MILE RADIUS
DEPARTMENT OF MENTAL HEALTH
1499 HUNTINGTON, SOUTH PASADENA

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS	SQUARE FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
A215	ALT PUBLIC DEFENDER-PASADENA OFFICE	221 E WALNUT ST, PASADENA 91101	3200	2960	LEASED	NONE
A043	DA-JUVENILE/BD OF SUPERVISOR-THE WALNUT PLAZA	215 N MARENGO AVE, PASADENA 91101-1505	5784	5162	LEASED	NONE
A426	DCFS PASADENA OFFICE	532 E COLORADO BLVD, PASADENA 91101	75235	70721	LEASED	NONE
5397	PASADENA COURTHOUSE	300 E WALNUT ST, PASADENA 91101	193054	126899	FINANCED	**252**
T416	PASADENA COURTHOUSE-TRAILER (DAY ONE, INC)	300 E WALNUT ST, PASADENA 91101	1500	1425	OWNED	NONE
5805	MENTAL HEALTH COURTHOUSE	1150 N SAN FERNANDO RD, LOS ANGELES 90065	25768	20734	OWNED	NONE
C760	DPSS-EAST L A GROW EMPLOYMENT SERVICES CENTER	2200 N HUMBOLDT ST, LOS ANGELES 90031	23655	17554	LEASED	NONE
A095	DMH-LOS ANGELES NORTHEAST WELLNESS CTR	5564 N FIGUEROA ST, LOS ANGELES 90042	3800	3610	LEASED	NONE
C269	DPSS-LINCOLN HEIGHTS WS DISTRICT OFFICE	4077 N MISSION RD, LOS ANGELES 90032	26000	18575	OWNED	NONE
A539	MENTAL HEALTH-COURT PROGRAM OFFICES	1499 HUNTINGTON DR, SOUTH PASADENA 91030	4210	4000	LEASED	NONE
A471	THE ALHAMBRA COMPLEX - EAST TOWER	1000 S FREMONT AVE, ALHAMBRA 91803	194140	165995	LEASED	NONE
A473	THE ALHAMBRA COMPLEX - SHERIFF'S OMBUDSMAN	1000 S FREMONT AVE, ALHAMBRA 91803	3774	3265	LEASED	NONE
0122	THOMAS A TIDEMANSON BUILDING-ANNEX BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	43500	36975	FINANCED	NONE
X900	THOMAS A TIDEMANSON PUBLIC WORKS BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	536168	363876	FINANCED	NONE
X327	PROBATION-CENTRAL TRANSCRIBING OFFICE	200 W WOODWARD AVE, ALHAMBRA 91801	11273	7360	OWNED	NONE
5883	ALHAMBRA COURTHOUSE	150 W COMMONWEALTH AVE, ALHAMBRA 91801	99123	65494	FINANCED	NONE
0901	DHS-ALHAMBRA HEALTH CENTER	612 W SHORB ST, ALHAMBRA 91803	25344	14292	FINANCED	NONE
A450	APD - ALHAMBRA OFFICE	1611 S GARFIELD AVE, ALHAMBRA 91801	3000	2850	LEASED	NONE
5460	PUBLIC LIBRARY-SAN GABRIEL LIBRARY	500 S DEL MAR AVE, SAN GABRIEL 91776	13718	11190	OWNED	NONE
5329	PUBLIC LIBRARY-ROSEMEAD LIBRARY	8800 VALLEY BLVD, ROSEMEAD 91770	29860	23394	OWNED	NONE
3154	CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTR	210 W TEMPLE ST, LOS ANGELES 90012	683388	516275	OWNED	NONE
0156	HALL OF RECORDS	320 W TEMPLE ST, LOS ANGELES 90012	438095	260776	OWNED	NONE
5979	CENTRAL ARRAIGNMENT COURTHOUSE	429 BAUCHET ST, LOS ANGELES 90012	65494	46440	FINANCED	NONE
5260	CORONER-ADMINISTRATION / INVESTIGATIONS BLDG	1102 N MISSION RD, LOS ANGELES 90033	22479	14251	OWNED	NONE
0808	CORONER-PUBLIC SERVICES/SKELETON STORE	1104 N MISSION RD, LOS ANGELES 90033	18651	11430	OWNED	NONE
5699	MED CTR-CHAPLAIN'S CENTER	1200 N STATE ST, LOS ANGELES 90033	1940	1454	OWNED	NONE
T620	MED CTR-EMERGENCY MEDICAL SVCS TRAILER T-18	1200 N STATE ST, LOS ANGELES 90033	1200	1049	OWNED	NONE
0284	MED CTR-HEALTH RESEARCH ASSOC'N-TRAILER T-25A	1200 N STATE ST, LOS ANGELES 90033	1200	1000	OWNED	NONE
T541	MED CTR-HOME CARE TRAILER T-4	1200 N STATE ST, LOS ANGELES 90033	1376	1223	OWNED	NONE
T226	MED CTR-LOCAL WORKER HIRING PROGRAM BLDG 304	1200 N STATE ST, LOS ANGELES 90033	1440	1200	PERMIT	NONE
T547	MED CTR-PATIENT FINANCIAL SERVICES T-15	1240 N MISSION RD, LOS ANGELES 90033	2588	1967	OWNED	NONE
T555	MED CTR-PATIENT FINANCIAL SERVICES T-17	1200 N STATE ST, LOS ANGELES 90033	4661	3482	OWNED	NONE
T542	MED CTR-PATIENT FINANCIAL SERVICES T-5	1200 N STATE ST, LOS ANGELES 90033	10512	7872	OWNED	NONE
T556	MED CTR-PATIENT FINANCIAL SERVICES TRAILER	1200 N STATE ST, LOS ANGELES 90033	2973	2461	OWNED	NONE
T546	MED CTR-PATIENT FINANCIAL SRVICES OFFICE T-16	1240 N MISSION RD, LOS ANGELES 90033	5190	4095	OWNED	NONE
0837	MED CTR-PERSONNEL OFFICE BUILDING	1200 N STATE ST, LOS ANGELES 90033	2980	1761	OWNED	NONE
0838	MED CTR-QUALITY ASSURANCE UTILIZATION REVIEW	1200 N STATE ST, LOS ANGELES 90033	2980	2341	OWNED	NONE
T544	MED CTR-QUALITY ASSURANCE/UTILIZATION REVIEW	1200 N STATE ST, LOS ANGELES 90033	4334	3629	OWNED	NONE
3102	JUVENILE HALL-ADMINISTRATION BUILDING-4	1605 EASTLAKE AVE, LOS ANGELES 90033	75907	33945	OWNED	NONE
3100	NORTHEAST JUVENILE JUSTICE CENTER BLDG-1	1601 EASTLAKE AVE, LOS ANGELES 90033	49189	26578	OWNED	NONE
4799	PW CENTRAL YARD-DIVISION ADMINISTRATION	1525 ALCAZAR ST, LOS ANGELES 90033	10438	7224	OWNED	NONE
3374	PW CENTRAL YARD-SURVEY OFFICE (CLOSED)	1525 ALCAZAR ST, LOS ANGELES 90033	2219	1616	OWNED	**1616**
4946	MED CTR-INTERNS & RESIDENTS BUILDING	2020 ZONAL AVE, LOS ANGELES 90033	142448	79494	OWNED	NONE
X294	PW CENTRAL YARD-SHOP OFFICE BLDG	2275 ALCAZAR ST, LOS ANGELES 90033	1400	1260	OWNED	NONE
1491	PH-CREMATORY OFFICE/RESIDENCE	3301 E 1ST ST, LOS ANGELES 90063	1517	1106	OWNED	NONE
Y307	PUBLIC LIBRARY-CITY TERRACE LIBRARY	4025 E CITY TERRACE DR, EAST LOS ANGELES 90063	8007	6984	OWNED	NONE
4526	BISCAILUZ-ADMINISTRATION BUILDING	1060 N EASTERN AVE, LOS ANGELES 90063	16571	11428	OWNED	NONE
4231	BISCAILUZ-TRAINING/INTELLIGENCE FACILITY	1060 N EASTERN AVE, LOS ANGELES 90063	1660	1372	OWNED	NONE
6131	DCSS-EAST LOS ANGELES SERVICE CENTER	133 N SUNOL DR, EAST LOS ANGELES 90063	28514	21777	OWNED	NONE
X707	PUBLIC LIBRARY-ANTHONY QUINN LIBRARY	3965 E CESAR E CHAVEZ AVE, CITY TERRACE 90063	7275	6077	OWNED	NONE
A930	PUBLIC LIBRARY-EL CAMINO REAL LIBRARY	4264 E WHITTIER BLVD, EAST LOS ANGELES 90023	3280	2563	OWNED	NONE
X201	EDMUND D EDELMAN CHILDREN'S COURT	201 CENTRE PLAZA DR, MONTEREY PARK 91754	258426	205280	FINANCED	NONE
A423	SHERIFF-PERSONNEL AND RECRUITMENT CENTER	101 CENTRE PLAZA DR, MONTEREY PARK 91754	37590	33831	LEASED	NONE
3542	FIRE-ADMINISTRATIVE HEADQUARTERS BUILDING	1320 N EASTERN AVE, LOS ANGELES 90063-3294	39015	24288	FINANCED	NONE
X155	ISD-EASTERN AVE COMPLEX TELECOM BUTLER BLDG	1112 N EASTERN AVE, LOS ANGELES 90063	4960	4638	OWNED	NONE
5863	ISD-ADMINISTRATIVE HEADQUARTERS	1100 N EASTERN AVE, LOS ANGELES 90063	80309	58826	OWNED	NONE
5870	ISD-EASTERN AVE COMPLEX TELECOM BRANCH BLDG	1110 N EASTERN AVE, LOS ANGELES 90063	37742	28973	FINANCED	NONE
T590	ISD-EASTERN AVE TELECOM CUSTOMER SERVICE BLDG	1110 N EASTERN AVE, LOS ANGELES 90063	1224	1016	GRATIS USE	NONE
T061	ISD-EASTERN COMPLEX PROJECT MANAGEMENT TRAILR	1100 N EASTERN AVE, LOS ANGELES 90063	7200	6840	LEASED	NONE
T039	SHERIFF-EASTERN COMPLEX FLEET SERVICES OFFICE	1104 N EASTERN AVE, LOS ANGELES 90063	1548	1428	OWNED	NONE
X167	SHERMAN BLOCK SHERIFF'S HEADQUARTERS BUILDING	4700 W RAMONA BLVD, MONTEREY PARK 91754	125000	106250	FINANCED	NONE
A015	DCFS CORPORATE CENTER OFFICE	2525 CORPORATE PL, MONTEREY PARK 91754	29542	27820	LEASED	NONE
A324	FIRE-EMPLOYEE RELATIONS OFFICE	1255 CORPORATE CENTER DR, MONTEREY PARK 91754	3079	2925	LEASED	NONE
A327	HS-OFFICE OF MANAGED CARE	1100 CORPORATE CENTER DR, MONTEREY PARK 91754	15280	14516	LEASED	NONE
A023	LASD/FIRE/OPS/ISD CORPORATE PLACE	2525 CORPORATE PL, MONTEREY PARK 91754	10941	7428	LEASED	NONE
Y135	CENTRO MARAVILLA SERVICE CENTER-BLDG B	4716 CESAR E CHAVEZ AVE, EAST LOS ANGELES 90022	3612	1948	OWNED	NONE
Y136	CENTRO MARAVILLA SERVICE CENTER-BLDG C	4716 CESAR E CHAVEZ AVE, EAST LOS ANGELES 90022	4073	3112	OWNED	NONE
5412	EAST LOS ANGELES COUNTY HALL	4801 E 3RD ST, EAST LOS ANGELES 90022	14848	10741	OWNED	NONE
3241	EAST LOS ANGELES COURTHOUSE	4848 E CIVIC CENTER WAY, EAST LOS ANGELES 90022	93285	68003	FINANCED	NONE
4364	PROBATION-EAST LOS ANGELES AREA OFFICE	4849 E CIVIC CENTER WAY, EAST LOS ANGELES 90022	15584	11327	OWNED	NONE
0522	PUBLIC LIBRARY-EAST LOS ANGELES LIBRARY	4837 E 3RD ST, LOS ANGELES 90022	20000	18000	OWNED	NONE
A497	DPSS-SAN GABRIEL VALLEY GAIN PROGRAM REG III	3216 ROSEMEAD BLVD, EL MONTE 91731	41836	39744	LEASED	NONE
A304	SHERIFF-VEHICLE THEFT PROGRAM HEADQUARTERS	9040 TELSTAR AVE, EL MONTE 91731	5320	5054	LEASED	NONE
A470	DIST ATTY-VICTIM-WITNESS ASSISTANCE PROGRAM	3204 ROSEMEAD BLVD, EL MONTE 91731	6405	5868	LEASED	NONE
A387	DPSS-GAIN PROGRAM HEADQUARTERS/DA-CLAIMS UNIT	3220 ROSEMEAD BLVD, EL MONTE 91731	26335	25313	LEASED	NONE
A497	DPSS-SAN GABRIEL VALLEY GAIN PROGRAM REG III	3216 ROSEMEAD BLVD, EL MONTE 91731	41836	39744	LEASED	NONE
A522	PH/DPSS/DCFS-TELSTAR EL MONTE COUNTY CENTER	9320 TELSTAR AVE, EL MONTE 91731	163000	146700	LEASED	NONE
A493	SAN GABRIEL VALLEY FAMILY SERVICE CENTER I	3350 AEROJET AVE, EL MONTE 91731	120000	108000	LEASED	NONE
A554	SAN GABRIEL VALLEY FAMILY SERVICE CENTER II	3400 AEROJET AVE, EL MONTE 91731	131806	120000	LEASED	NONE
4465	DF KIRBY CENTER-ADMINISTRATION BUILDING	1500 S MCDONNELL AVE, COMMERCE 90022	18169	10117	OWNED	NONE
5428	DPSS-BELVEDERE AP DISTRICT OFFICE	5445 E WHITTIER BLVD, EAST LOS ANGELES 90022	70493	49261	OWNED	NONE
A460	DHS-FERGUSON ADMINISTRATIVE SERVICES CENTER	5555 FERGUSON DR, CITY OF COMMERCE 90022	268400	246550	OWNED	NONE
5395	PUBLIC LIBRARY-MONTEBELLO LIBRARY	1550 W BEVERLY BLVD, MONTEBELLO 90640	50530	23989	OWNED	NONE

AMENDMENT NO. 1 TO COUNTY LEASE NO. 73580
DEPARTMENT OF MENTAL HEALTH
1499 HUNTINGTON DRIVE, SOUTH PASADENA

This Amendment No. 1 to County Lease No. 73580 ("Amendment" or "Amendment No. 1") is made and entered into this ____ day of _____, 2012 by and between KS-703, LLC, hereinafter referred to as "Lessor" and the COUNTY OF LOS ANGELES, a body corporate and politic, hereinafter referred to as "Lessee."

WHEREAS, KEITH SINCLAIR ("Original Lessor"), and Lessee entered into that certain County Lease No. 73580 dated August 7, 2001 ("Lease") whereby Original Lessor leased to Lessee approximately 4,210 rentable square feet at the building located at 1499 Huntington Drive, South Pasadena ("Premises"), for a term of ten (10) years ("Initial Term") from June 1, 2002 to May 31, 2012; and

WHEREAS, the initial Term expired on May 31, 2012 and continues on a bi-monthly basis; and

WHEREAS, KS-703, LLC., a California limited liability company as successor-in-interest to Original Lessor ("Lessor"), and Lessee desire to renew and make modifications to the Lease, and in connection therewith, Lessor and Lessee desire to amend the Lease as hereinafter provided.

NOW THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements herein contained and intending to be legally bound hereby, Lessor and Lessee hereby covenant and agree as follows:

1. Section 2. TERM, is hereby amended by the addition of the following:

The term of this Lease shall be extended for a period of five (5) years commencing upon execution of this Amendment No. 1 by the Los Angeles County Board of Supervisors, and expiring on the Fifth anniversary of this execution date ("Extension Term 1"), unless terminated earlier pursuant to the provisions of Sections 5, 7, 9, 10, 12, 16, 20, 21, or 26 of the Lease .

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

The Lessee hereby agrees to pay as rent for the Premises the sum of Seven Thousand Nine Hundred Ninety Nine Dollars ($7,999.00) per month, i.e. One and 90/100 Dollars ($1.90) per rentable square foot per month, for months One (1) through Twelve (12) of the Extension Term 1, payable in advance by Auditor's General Warrant. Rental payments shall be payable within fifteen (15) days after the first day of each and every month of the Extension Term 1 hereof, provided Lessor has caused a claim therefor for each such month to be filed with the Auditor Controller of the County of Los Angeles prior to the first day of each month. Rental payments shall be subject to adjustment as stipulated in Section 27 herein.

3. Section 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 anytime after the 36th month of the Extension Term 1, by giving Lessor not less than ninety (90) days prior written notice by Chief Executive Office letter.

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

As a condition of Lessee entering into this Amendment No. 1, Lessor hereby agrees to complete certain tenant improvements and renovations at its sole cost and expense. Lessee shall not be required to reimburse Lessor for any costs associated with the following scope of work (collectively, the "Tenant Improvements"):

Lessor or Lessor's vendors shall lift and/or move furniture while replacing the carpet and tile throughout the premises in accordance with specifications agreed upon by Lessee and Lessor. Lessor or Lessor's vendors shall also paint all interior walls within the premises in accordance with specifications agreed upon by Lessee and Lessor. Flooring and painting work shall be performed and completed outside of normal business hours.

The Tenant Improvements must be of substantially the same quality, value and workmanship as the remainder of the Premises, and must be completed in accordance with all applicable laws. The Premises shall meet all applicable City, County, State, and Federal building codes, regulations, and ordinances required for beneficial occupancy. Any non-Tenant Improvement work, including construction, that Lessor must undertake to obtain the necessary jurisdictional approvals shall be at Lessor's sole cost and expense.

Lessor and Lessee agree that the estimated time for completion of the Tenant Improvements is 120 days from the date this Amendment is executed by the Lessee (the "Estimated Completion Date").

Completion of the Tenant Improvements may be delayed by the following ("Force Majeure Events"):

1. Any act of God which Lessor could not have reasonably foreseen and provided for, or

2. Any strikes, boycotts or like obstructive acts by employees or labor organizations which Lessor cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or

3 Any war or declaration of a state of national emergency, or

4. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the Tenant Improvements.

If the Tenant Improvements have not been completed within thirty (30) days from the Estimated Completion Date, which period shall be extended for the duration of a Force Majeure Event, Lessee may, at its option, upon ten (10) days written notice to Lessor, assume the responsibility for performing the Tenant Improvements itself or cancel the Lease. If Lessee elects to perform the Tenant Improvements, then Lessee, its officers, employees, agents, contractors,

subcontractors, and assignees, shall have free access to the Premises at all reasonable times for the purpose of performing the Tenant Improvements and for any other purposes related thereto.

5. Section 27. RENTAL ADJUSTMENT, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

After the 12th month of the Extension Term 1 (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, the Rent shall be adjusted by applying the CPI Formula set forth below.

(a) CPI Formula. The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Riverside-Orange County, CA area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Base Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective (the "New Index"), and the denominator being the Index published for the month the Lease commenced (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.

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

$$\frac{\text{New Index}}{\text{Base Index}} \times \$7{,}999.00 \text{ (Base Rent)} = \text{New Monthly Base Rent}$$

(c) Limitations on CPI Adjustment. In no event shall the monthly Base Rent adjustment based upon the CPI Formula result in an annual increase more than four percent (4%) per year of the Base Rent of $7,999.00 (i.e. not more than $319.96 per month, per annual adjustment). In no event shall the monthly 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.

6. All undefined terms when used herein shall have the same respective meanings as set forth in the Lease unless expressly provided otherwise in this Amendment No. 1.

7. Each of the signatories for the Lessor personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Amendment No. 1 upon the terms and conditions stated herein, and each agrees to indemnify and hold harmless Lessee from all damages, costs, and expenses, which result from a breach of this representation.

8. In the event of a conflict between the terms and conditions of this Amendment No. 1 and the terms and conditions of the Lease, the terms and conditions of this Amendment No. 1 shall prevail. All other terms and conditions contained in the Lease as amended shall remain in full force and effect.

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:

KS-703, LLC
a California Limited Liability Company

By: _____
Name: Keith Sinclair
Its: Sole Member

LESSEE:

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____
ZEV YAROSLAVSKY
Chairman

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:
John F. Krattli
County Counsel

By: _____
Deputy