



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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

DAVID E. JANSSEN
Chief Administrative Officer

December 14, 2004

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. 2 TO LEASE NO. 71502,
FIVE-YEAR LEASE RENEWAL
FOR CHILD SUPPORT SERVICES DEPARTMENT
600 COMMONWEALTH AVENUE, LOS ANGELES
(SECOND DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached lease amendment No.2 to Lease No. 71502, with Commonwealth Enterprises (Lessor), for an additional five years for 18,322 square feet of office space, with 100 parking spaces included in the base rent and an additional 25 spaces, if needed, provided at a cost of \$75 per space per month, for the Child Support Services Department (CSSD) at an initial annual combined cost, including parking and the amortized repayment of \$18,000 in Tenant Improvements of \$359,092. Costs are 100 percent offset by State and Federal funding.
2. Find that the Lease renewal is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.
3. Authorize the CAO and CSSD to reimburse the Lessor for Tenant Improvements (TI) in an amount not to exceed \$18,000, payable in lump sum or amortized over the remaining term of the lease.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

4. Approve the project and authorize the Chief Administrative Office (CAO) and CSSD to implement the project. The Lease renewal will be effective upon approval by your Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The facility provides the needed space for the Central Civil West (CCW), Court Services Unit. The unit provides child support court services to approximately 3,000-4,000 clients per month.

The proposed amendment is for a five-year renewal of the existing lease under renegotiated terms and conditions. This renewal will allow CSSD to continue its operation at the subject facility for five years commencing upon the expiration of the existing lease term on December 31, 2004.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we invest in public infrastructure, in order to strengthen the County's fiscal capacity. This lease renewal supports this strategy by complying with the Strategic Asset Management Principles (Goal 4, Strategy 2, Objective 2). In this case, we are re-leasing space for the CSSD in order to maximize State and Federal funding by housing subvended programs in leased space, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The annual cost of this lease renewal will initially be \$358,092. The monthly base rent is subject to annual adjustments capped at four percent.

	Current Lease	Amendment	Change
Area	18,322 square feet	18,322 square feet	None
Term	3 years (1-1-02 to 12-31-04)	5 years (1-1-05 to 12-31-09)	+ 5 years
Annual Base Rent*	\$326,580 (\$17.82/sq. ft.) Includes 100 parking spaces but does not include operating expense rent or extra utility use which is billed separately.	\$354,815 (\$19.36 sq.ft.) Base rent has no operating expense adjustments, or utility use adjustments and includes 100 parking spaces in Base Rent.	
Additional Parking in base rent	None	Provides 25 additional spaces at \$22,500 annually (or \$75 per space per month).	+\$22,500 for 25 additional parking spaces
Tenant Improvements in base rent	Included in Base rent	Maximum to \$18,000 \$359,092**	+ \$18,000
Option to Renew	None	One -5-year option	+ 5 years
Cancellation	Anytime during option period with 60 days prior written notice	Anytime between 1/31/2008 and 5/1/2008 by giving 120 days prior written notice.	One time right to cancel

*The rate is on a full-service basis. Included in the base rent is the cost of separately metered electrical use for special air conditioning installed for CSSD in the premises.

**Maximum 1st year annual rent, which includes base rent, all parking and \$4,277 in annual repayment of \$18,000 TI amortized at 7% over a 5-year term.

Sufficient funding for the proposed lease is included in the 2004-05 Rent Expense Budget and will be charged back to CSSD. Sufficient funding is available in the 2004-05 CSSD operating budget to cover the projected lease costs. All costs associated with the proposed lease are fully offset 66 percent by Federal funds and 34 percent by State funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The CSSD Court Services program housed at this facility performs child support court services for approximately 3,000-4,000 persons per month. Assembly Bill 1058 enacted in 1996 requires the Superior Court to provide sufficient commissioners to hear child support cases filed by the CSSD. All Los Angeles County child support cases that involve the department are assigned to Superior Court Departments 2E, 2F, 2G and 2H which are located on the 16th Floor of CCW.

The premises have been occupied since January 1, 1999, by the CSSD Court Services program. The proposed lease renewal provides the same 18,322 rentable square feet of office space with 100 parking spaces and contains the following provisions:

- Full-Service lease, whereby Lessor pays for all operating costs associated with the County's occupancy including separately metered electrical use for special air-conditioning installed by CSSD.
- Lease provides an annual adjustment in rent capped at four percent.
- A one-time cancellation provision that allows the County the right to cancel anytime between 1-31-08 and 5-31-08, by providing the Lessor with 120 days prior written notice.
- Twenty-Five additional parking spaces are provided at a cost of \$75 per space per month to meet program parking requirement for staff permanently assigned to the facility as well as parking for CSSD attorneys who are on site daily to interview clients and participate in court hearings.
- Lessor will, at his sole cost, upgrade two additional elevators making them accessible for persons with disabilities by relocating button/telephone panels and will install ten additional parking spaces striped for persons with disabilities. Two will be van accessible spaces.
- Lessor will provide Tenant Improvements (TI) up to a maximum of \$18,000 which will be amortized at seven percent over a 60-month term and repaid through the rent budget. County may at anytime during the lease term pay Lessor all or any portion of the TI cost without penalty and reduce the amount payable monthly.

CAO Real Estate staff surveyed the Wilshire/Vermont area as specified by CSSD, in order to maintain close proximity to CCW. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within the surrounding Wilshire/Vermont area and there are none available.

Based upon a market survey of similar properties in the Wilshire/Vermont area, staff has determined that the base rental range including parking for similar properties is between \$18.00 and \$21.00 per square foot per year full service. Thus, the base annual rent of the proposed lease renewal represents a market rental rate.

The Honorable Board of Supervisors
December 14, 2004
Page 5

The Department of Public Works inspected this facility for seismic safety and has no objection to occupancy of the premises by the County.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed lease renewal is in the best interest of the County and will adequately provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, CSSD concurs in this lease renewal recommendation.

CONCLUSION

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

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CEM:TS:hd

Attachments (2)

c: County Counsel
Auditor-Controller
Child Support Services Department

CHILD SUPPORT SERVICES DEPARTMENT
600 SOUTH COMMONWEALTH, LOS ANGELES

Asset Management Principles Compliance Form¹

1. Occupancy		YES	NO	NA
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 lease meet the guideline of 200 sf. of space per person? ² Approx. 1/59	X		
2. Capital				
A	Should program be in leased space to maximize State/Federal funding?	X		
B	If not, is this a long term County program?			X
C	Is it a net County cost (NCC) program? List % NCC 0%		X	
D	If yes to 2 B or C; Is this a capital lease or operating lease with an option ?			X
E	If no, are there any suitable County owned facilities available?			X
F	If yes, why is lease being recommended over occupancy in County owned space?			X
G	Is Building Description Report attached as "Attachment B"? ²	X		
H	Was build to suit or capital project considered? ² The proposed building is available at a competitive market rate.		X	
3. Portfolio Management				
A	Did department utilize CAO Space Request Evaluation(SRE)? ²	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.			
	2.			
	3.			
	4.			
	5. X			
E	Is lease a full service lease? ²	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		<i>Please BOLD any written responses</i>		
² If not, why not?				

**Child Support Services Department
600 South Commonwealth Avenue, Los Angeles**

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS	SQUARE FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
A424	DPSS-EQUITABLE PLAZA BUILDING	3435 WILSHIRE BLVD, LOS ANGELES 90010	65,872	62,578	LEASED	NONE
A532	HEALTH-METROPLEX BUILDING	3530 WILSHIRE BLVD, LOS ANGELES 90010	62,901	56,611	LEASED	NONE
A160	MENTAL HEALTH-HDQRTRS OFFICE ANNEX	3160 W 6TH ST, LOS ANGELES 90020	60,800	28,372	LEASED	NONE
A336	SHERIFF – WILSHIRE CENTRE BUILDING	3055 WILSHIRE BLVD, LOS ANGELES 90010	7,755	7,115	LEASED	NONE
A369	DCFS-PROCUREMENT AND SPECIAL SERVICES OFFICE	501 SHATTO PL, LOS ANGELES 90020	17,751	15,976	LEASED	NONE
A408	DCFS-THE U S BORAX BUILDING	3075 WILSHIRE BLVD, LOS ANGELES 90010	132,488	105,568	LEASED	NONE
A409	DCSS-WILSHIRE PLAZA BUILDING	3303 WILSHIRE BLVD, LOS ANGELES 90010	4,000	3,900	LEASED	NONE
A413	HUMAN RESOURCES-WILSHIRE SQUARE TWO BUILDING	3333 WILSHIRE BLVD, LOS ANGELES 90010-4109	62,479	53,176	LEASED	NONE
A425	DCFS-DEPARTMENTAL HEADQUARTERS BLDG	425 SHATTO PL, LOS ANGELES 90020	80,756	76,065	LEASED	NONE
C500	PROBATION-PRETRIAL SERVICES/ BAIL DEVIATION	500 SHATTO PLACE, LOS ANGELES 90020	6,596	5,094	LEASED	NONE
X317	DCSS-LE SAGE COMPLEX 4 STORY BLDG	3175 W 6TH ST, LOS ANGELES 90020	52,230	42,341	OWNED	NONE
X510	DHS-LESAGE COMPLEX 2 STORY BLDG	510 S VERMONT AVENUE, LOS ANGELES 90020	31,540	24,840	OWNED	NONE
X532	DCSS-LE SAGE COMPLEX 1 STORY BLDG	532 S VERMONT AVE, LOS ANGELES 90020	14,126	10,314	OWNED	NONE
X550	MENTAL HEALTH-LE SAGE COMPLEX TWR	550 S VERMONT AVENUE, LOS ANGELES 90020-1991	171,651	149,668	OWNED	NONE
Y193	PARKS & RECREATION-HEADQUARTERS BLDG	433 S VERMONT AVENUE, LOS ANGELES 90020	31,862	21,777	OWNED	NONE
B695	DCFS-IMMUNIZATION PRGM/ ENVIRONMENTAL HEALTH	695 S VERMONT AVENUE, LOS ANGELES 90010	14,274	12,847	LEASED	NONE
C660	DPSS-GAIN PROGRAM REG IV/ MEDI-CAL OUTSTATION	2910 W BEVERLY BLVD, LOS ANGELES 90057	120,327	33,635	LEASED	NONE
A600	CENTRAL CIVIL WEST COURTHOUSE	600 S COMMONWEALTH AVENUE, LOS ANGELES 90005	204,019	151,696	LEASED	NONE
A360	DPSS-METRO NORTH AP/ CALWORKS DISTRICT OFFICE	2601 WILSHIRE BLVD, LOS ANGELES 90057	62,000	60,140	LEASED	NONE
B922	DPSS-WILSHIRE SPECIAL DISTRICT OFFICE	2415 W 6TH ST, LOS ANGELES 90057	46,228	42,065	LEASED	NONE
5353	DPSS-METRO SPECIAL DISTRICT OFFICE	2707 S GRAND AVE, LOS ANGELES 90007	115,242	89,650	OWNED	NONE
D015	DPSS-CATHOLIC CHARITIES COMPUTER CENTER	1530 JAMES M. WOOD BLVD, LOS ANGELES 90017	200	200	PERMIT	NONE
6518	THE ADAMS & GRAND BUILDING	2615 S GRAND AVE, LOS ANGELES 90007	215,439	183,874	OWNED	NONE
A388	ALT PUBLIC DEF-WILSHIRE-BIXEL BLDG	1055 WILSHIRE BLVD, LOS ANGELES 90017	6,500	6,175	LEASED	NONE
5266	METROPOLITAN COURTHOUSE	1945 S HILL ST, LOS ANGELES 90007	303,434	125,469	FINANCED	NONE
0155	STANLEY MOSK COURTHOUSE	111 N HILL ST, LOS ANGELES 90012	794,459	441,761	OWNED	NONE
5546	DHS-CENTRAL PUBLIC HEALTH CENTER	241 N FIGUEROA ST, LOS ANGELES 90012	60,924	34,748	OWNED	NONE
A159	DISTRICT ATTORNEY –	201 N FIGUEROA ST,	83,164	79,006	LEASED	NONE

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS	SQUARE FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
	FIGUEROA PLAZA	LOS ANGELES 90012				
5456	HEALTH SERVICES ADMIN BUILDING	313 N FIGUEROA ST, LOS ANGELES 90012	221,359	134,851	OWNED	NONE
0181	KENNETH HAHN HALL OF ADMIN	500 W TEMPLE STREET, LOS ANGELES 90012	958,090	591,457	FINANCED	NONE
3155	THE MUSIC CENTER - DE LISA BUILDING/THE ANNEX	301 N GRAND AVENUE, LOS ANGELES 90012	27,582	17,978	OWNED	NONE
A429	CAO REAL ESTATE DIVISION/ SERVICE INTEGRATION	222 S HILL STREET, LOS ANGELES 90012	29,013	26,082	LEASED	NONE
A442	MENTAL HEALTH-LAPD-SMART TEAM OFFICE	419 S SPRING STREET, LOS ANGELES 90013	1,000	1,000	GRATIS USE	NONE
A496	PUBLIC DEFENDER-L.A LAW CENTER BUILDING	207 S BROADWAY, LOS ANGELES 90012	7,100	6,750	LEASED	NONE
3154	CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTER	210 W TEMPLE STREET, LOS ANGELES 90012	1,036,283	399,535	FINANCED	NONE
0156	HALL OF RECORDS	320 W TEMPLE STREET, LOS ANGELES 90012	438,095	258,677	OWNED	NONE
Y013	DPSS-CIVIC CENTER DISTRICT/ GROW CENTER OFFICE	813 E 4 TH PLACE, LOS ANGELES 90013	39,956	25,158	OWNED	NONE
A384	AG COMM/WTS & MEASURES-DOWNTOWN MARKET OFFICE	1320 E OLYMPIC BLVD, LOS ANGELES 90021	776	776	LEASED	NONE
5979	CENTRAL ARRAIGNMENT COURTHOUSE	429 BAUCHET STREET, LOS ANGELES 90012	83,692	30,638	FINANCED	NONE
C863	MED CTR-PATIENT FINANCIAL SERVICES OFFICE	1910 N MAIN STREET, LOS ANGELES 90031	13,300	8,919	LEASED	NONE
5260	CORONER-ADMINISTRATION/ INVESTIGATIONS BLDG	1102 N MISSION BLVD, LOS ANGELES 90033	22,479	14,251	OWNED	NONE
3100	EASTLAKE JUVENILE COURT-1	1601 EASTLAKE AVENUE, LOS ANGELES 90033	47,379	26,024	OWNED	NONE
4799	PW CENTRAL YARD-DIVISION ADMINISTRATION	1525 ALCAZAR STREET, LOS ANGELES 90033	10,438	7,224	OWNED	NONE
C110	MED CTR-EXPENDITURE MANAGEMENT	2064 MARENGO STREET, LOS ANGELES 90033	9,602	7,010	LEASED	NONE
X294	PW CENTRAL YARD-SHOP OFFICE BLDG	2275 ALCAZAR STREET, LOS ANGELES 90033	1,400	1,260	OWNED	NONE
6578	DPSS-METRO EAST AP DISTRICT OFFICE	2855 E OLYMPIC BLVD, LOS ANGELES 90023	63,066	29,220	OWNED	NONE
A436	DPSS-EXPOSITION PARK FAMILY SERVICE CENTER	3833 S VERMONT AVENUE, LOS ANGELES 90037	130,000	110,500	LEASED	NONE

**AMENDMENT NO.2 TO LEASE NO.71502
CHILD SUPPORT SERVICES DEPARTMENT
600 COMMONWEALTH AVENUE, LOS ANGELES**

This Amendment No. 2 to Lease No. 71502 is made and entered into this _____ day of _____, 2004, by and between COMMONWEALTH ENTERPRISES referred to as "Lessor", and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as "Lessee".

WHEREAS, a Lease and Agreement by and between Commonwealth Enterprises, the Landlord, and the County of Los Angeles as Lessee was executed on June 16, 1998, pursuant to which Landlord leased to Lessee those certain Premises located at 600 Commonwealth Avenue, Los Angeles, California, more particularly described as approximately 16,454 rentable square feet of office space on the 18th Floor with structured parking spaces located within the demised Premises, legally described as lots 20-24 and those portions of lots 1-5, Block 25, South half of the West End University pages 59 and 60, of Miscellaneous Records, in the office of the Registrar Recorder of said County, lying westerly of a straight line extending from the northeast corner of said lot 1 to the southeast corner of said lot 20, and Amendment No.1 dated December 11, 2001, hereinafter referred to as "Lease", for approximately 1,868 square feet of additional office space. The Premises, which now totals 18,322 rentable square feet of office space on the 18th floor, which consists of a portion of the building (Building) situated on the parcel(s) of real property (Land) the address of which is set forth above and legally described in Exhibit "A" attached hereto.

WHEREAS, the parties are now desirous to amend said Lease No. 71502 to increase the term of the lease for an additional five (5) year period, effective January 1, 2005 and upon approval by the Board of Supervisors, County of Los Angeles, and,

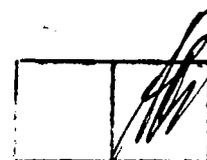
NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and the rents, covenants and agreements herein contained, and intended to be legally bound,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

1. **Paragraph 2 TERM**, of the Lease shall be amended by adding the following:

Notwithstanding, the term of the Lease is hereby increased such that it shall expire on the last day of December 2009.

Paragraph 2B OPTION TO RENEW of the Lease is hereby deleted in its entirety and in its place shall be substituted the following Paragraph 2B Option to Renew:

Provided Lessee is not in default, Lessee shall have the option to renew this Lease for an additional five (5) year term. During such option term, Lessee shall continue to pay the Monthly Base Rent as due hereunder, which Monthly Base Rent shall continue to be



adjusted in accordance with the terms of Paragraph 27 of the Lease. In the event that Lessee desires to exercise any such option, Lessee shall deliver to Landlord written notice of such exercise not less than 90 days prior to the Lease Expiration Date. The actual exercise of the option shall be only by the Board of Supervisors. Time is of the essence.

2. Paragraph 3. RENT, of the Lease is hereby amended by adding the following:

Prior to January 1, 2005, (the "New Term Commencement Date"), Lessee shall continue to pay a Monthly Base Rent in the amount of \$22,902.50 per month, as required pursuant to the terms of the Lease, and as adjusted in accordance with Paragraph 27 of the Lease upon the rental adjustment date existing prior to this Amendment No. 2. Commencing upon the New Term Commencement Date, the Monthly Base Rent payable with respect to the Premises shall be amended to be equal to Twenty-Nine Thousand Five Hundred Sixty-Seven and 92/100 (\$29,567.92) per month, (\$1.61) per square foot). All rent payable under the Lease, as amended, is payable in advance by Auditor's General Warrant within fifteen days after the first day of each and every month of the term hereof provided Landlord has caused a claim thereof for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month. Rent for any partial month shall be prorated in proportion to the number of days in each month.

3. Paragraph 5. CANCELLATION of the Lease is hereby deleted in its entirety and in its place shall be substituted the following Paragraph 5, Cancellation:

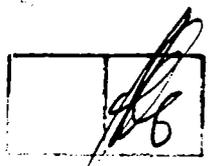
Lessee shall have the right to cancel this Lease at or any time between January 31, 2008, and May 1, 2008 and during the option period, if so exercised, at anytime between January 31, 2012 and May 1, 2012, by giving one hundred twenty (120) days written notice to Landlord.

4. Paragraph 10. UTILITIES of the Lease is hereby amended, effective as of the New Term Commencement Date, as follows:

Lessee shall no longer pay when due all separately metered electrical utility charges resulting from the operation of special HVAC units previously installed by Landlord at the request of the Lessee.

5. Paragraph 20. PARKING SPACES of the Lease is hereby deleted in its entirety and in its place shall be substituted effective as of the New Term Commencement Date, as follows Paragraph 20. Parking Spaces:

Landlord at its sole cost and expense shall provide for the exclusive use by Lessee during the term of this Lease and Agreement or any renewal or holdover period as the case may be, one-hundred (100) parking spaces located in the subterranean garage of the building located at 600 South Commonwealth Avenue, Los Angeles. Twenty (20)

A handwritten signature in black ink is written over a rectangular stamp box. The signature appears to be "J.B." or similar. The stamp box is empty.

spaces shall be "in and out" and Eighty (80) spaces shall be tandem spaces as long as that design is consistent with County policy.

Lessee shall have the right to rent an additional twenty-five (25) off street "in-and-out" parking spaces, "Additional Spaces", located in the subterranean garage of the building located at 600 South Commonwealth Avenue, Los Angeles at the rate of \$75.00 per additional space per month.

Notwithstanding the above, failure of the Landlord to provide a minimum of 95 spaces at all times shall entitle Lessee to cancel this lease and agreement by giving Landlord fifteen (15) days advance written notice of such cancellation or Lessee may, at its sole discretion negotiate with Landlord for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

6. Paragraph 27. OPERATING COSTS of the Lease is hereby deleted in its entirety and in its place shall be substituted effective as of the New Term Commencement Date, as follows Paragraph 27. Rental Adjustments:

A. At the thirteenth (13) month of the new lease term and every twelve months thereafter, assuming January 1, 2005, as the New Term Commencement Date, the Monthly Base Rent shall be adjusted in accordance with the CPI formula set forth in Paragraph 27 B. The "Base Index" shall be the Index published for October 2004.

B. CPI Formula: The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84-100), herein referred to as "Index".

The rental adjustment for the Monthly Base Rent shall be calculated by multiplying the Lessee's initial Monthly Base Rent of \$29,567.92, by a fraction, the numerator being the New Index which is the Index published for the month immediately preceding the month the adjustment is effective, which is the Index published for January, then add to the total result the amount needed to amortize Lessee's tenant improvements.

The formula shall be as follows:

$$\frac{[\text{New Index}]}{[\text{Base Index}]} \times \$29,567.92$$

The total of the Monthly Base Rent, the monthly cost to amortize additional tenant improvements and change orders, if any, shall be the new monthly rental rate, i.e.:

Monthly Base Rent



+ the amount to amortize additional Tenant Improvements, if any

+/- the amount to amortize change orders, if any

= New Monthly Base Rent

If the Index is changed so that the base year of 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 State 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 result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to arbitration in accordance with Paragraph 22M for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

C. General Provisions: In no event shall the Monthly Base Rent adjustment based upon the CPI formula set forth in this Paragraph 27 result in an annual increase greater than four percent (4%) per year cumulative of the Monthly Base Rent of \$29,567.92.

6. **Paragraph 30. ALTERATION/PREPARATION OF PREMISES** of the Lease is hereby deleted in its entirety and in its place shall be substituted effective as of the New Term Commencement Date, as follows:

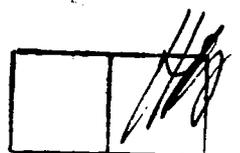
Landlord within ten (10) days after receipt of a duly executed copy of this Lease document will commence the improvements throughout the entire building to comply under Title 11 of the Americans with Disabilities Act as follows:

1) Install a total of 10 additional parking spaces striped for persons with disabilities, with access aisles between the spaces, and a marked path of travel to the elevators, bringing the total to twelve parking spaces. Two will be van accessible spaces.

2) One additional elevator in a bank shall be made accessible for persons with disabilities by relocating call button/telephone panels.

3) Bathroom stall latches, pull handles, seat cover dispensers and coat hooks should be replaced or relocated to meet code. (latches should not be twist types and all stalls should have handles on both sides, dispensers should have product at no more than 48" high and coat hooks should be no more than 48".

The parties agree that a contract and order to complete said improvements prior to the new term commencement date of January 1, 2005, is reasonable evidence of the



Landlord meeting its obligation to perform and the County commencing the new term of the lease.

If Landlord fails to complete the alterations to the Premises Lessee may. At its option:

1) Upon thirty (30) days written notice to Landlord, assume the responsibility for providing the alterations to the Premises itself and deduct the total amount from installments of rent next due as a charge to the Landlord, until funds are paid in full.

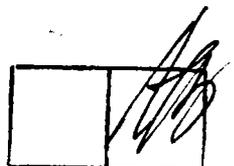
If Lessee elects to provide tenant improvements itself, then:

Lessee, its officer, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of making the alterations and for any other purpose reasonably related thereto.

Additionally, Lessee at its sole option, acting through the CAO, may request the Lessor to perform, supply and administer additional tenant improvements and reimburse Lessor for such costs as an additional rent. In addition, Lessor shall provide an allowance for Tenant Improvements costs and/or minor hard construction. Lessee may authorize Lessor after review of estimates and written approval of the Chief Administrative Officer or his designated representative to pay for tenant improvements up to a maximum aggregate total of \$18,000. Lessee agrees to reimburse Lessor for all Tenant Improvement costs actually used by Lessee, by amortizing the same over the remaining term of the lease or a ten year term, whichever is less, at the interest rate of seven percent (7%) per annum. The Lessee may at anytime during the Lease term pay Lessor, or his designee, all or any portion of the Tenant Improvement cost without penalty and reduce the rental rate accordingly. Lessor will notify Lessee of the tenant improvement final cost, and the amount payable monthly by Lessee in addition to the rent. For purposes of ascertaining the actual cost of said tenant improvements, Lessor shall provide to Lessee, a detailed breakdown of the total costs of constructing the tenant improvements and execute a summarized breakdown of the total costs of the tenant improvements with the right to audit these costs for a period of twenty-four months from the date of completion and acceptance by Lessee of the tenant improvements.

No County Project Manager or employee, including the CAO, is authorized to approve any expenditure not expressly pre-approved by the Board of Supervisors. The Board of Supervisors will not approve retroactive expenditures. Any unapproved expenditures by the Landlord, even if it benefits the County, shall not be recovered by the Landlord, who shall solely bear the risk of loss for incurring such liabilities.

7. IRREVOCABLE OFFER: New Paragraph 31 is hereby incorporated into Lease No. 71502 as follows:

A rectangular box containing a signature, likely representing the County's approval or signature on the lease document.

31. IRREVOCABLE OFFER:

In consideration for the time and expense that Tenant will invest, including but not limited to, legal review and preparation and noticing for presentation to the Los Angeles County Board of Supervisors in reliance on Landlord's agreement to lease the Premises to the Tenant under the terms of this Amendment No. 2 to Lease 71502, Landlord irrevocably offers to enter into this Lease Amendment and not revoke this offer until the irrevocable Offer Expiration Date of December 31, 2004.

8. All other terms and conditions of Lease No. 71502 shall remain the same and in full force and effect.

A rectangular box containing a handwritten signature in black ink. The signature is stylized and appears to be the initials 'AP' or similar, written in a cursive or slanted font.

IN WITNESS WHEREOF, the Lessor has executed this Amendment or caused it to be 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 by the Clerk thereof the day, month, and year first above written.

LESSOR
By: COMMONWEALTH ENTERPRISES

By: 
Arthur Blech

ATTESTED:

VIOLET VARONA-LUKENS
Executive Officer-Clerk
of the Board of Supervisors

By:
Deputy

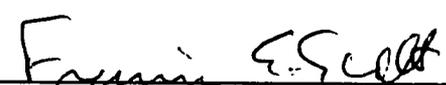
LESSEE

COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

APPROVED AS TO FORM:

OFFICE OF COUNTY COUNSEL

By: 
Deputy, Frank Scott