COMMUNITY DEVELOPMENT COMMISSION
County of Los Angeles
2 Coral Circle • Monterey Park, CA 91755
323.890.7001 • www.lacdc.org

Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

May 10, 2005

Honorable Board of Commissioners
Community Development Commission
of the County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

APPROVE THE COMMUNITY DEVELOPMENT COMMISSION'S FIVE-YEAR RENEWAL OPTION AND LEASE AMENDMENT FOR 2 CORAL CIRCLE, MONTEREY PARK (1)
(3 VOTE)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the five-year option to renew the Community Development Commission's lease at 2 Coral Circle, Monterey Park is exempt from the California Environmental Quality Act (CEQA), as described herein, because the option and Second Amendment to Lease and Agreement (Agreement) do not have the potential for causing a significant effect on the environment.

2. Approve the Commission's five-year option to renew and authorize the Executive Director to execute the attached Agreement, and all related documents, to extend the term of the current lease with Miller Brothers Coral Circle LLC (Landlord), for 85,300 square feet of administrative office space at 2 Coral Circle, at an initial annual base rent of $1,165,716.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

Exercising the five-year option to renew will provide the Commission with continued use of administrative office space for the conduct of Commission and Housing Authority programs.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund.

On March 27, 2005, the Commission became a holdover tenant pursuant to the terms of the original Lease dated July 26, 1994. The Commission will be exercising the first five-year option to renew, which will commence upon execution by all parties thereto. The Housing Authority will pay a portion of the annual rent, as authorized through the annual budget process.

Over the five-year option period, the lease base rent will be funded using a maximum aggregate of up to $5,828,580. The rental costs are 100 percent net Commission costs.

The fixed monthly base rent for the five-year option will be $97,143, of which $291,429 will be paid using funds contained in the Commission and Housing Authority's approved Fiscal Year 2004-2005 budgets. Future rental costs will be paid using funds approved through the Commission and Housing Authority's annual budget process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The initial term of the lease commenced on March 27, 1995 and terminated on March 26, 2005. The Commission is a holdover tenant pursuant to the terms of the original Lease. There are two five-year renewal options. The proposed first five-year option renewal will provide the uninterrupted use of 85,300 square feet of administrative office space and 323 parking spaces. The option extends the term of the lease as amended by the Agreement, which contains the following provisions:

- The building owner concurs that this letter, when approved, and the Amendment, when fully executed by the parties thereto, will suffice to exercise the option to renew the term and no other documentation is necessary;
- The five-year option renewal term will commence upon execution by all parties thereto and terminate on March 26, 2010;
- The current fixed monthly base rent will increase from $49,474 to $97,143.
- One option to renew the term for an additional five years remains.

The net lease provides for Commission responsibility for insurance, property taxes, interior maintenance, utilities, janitorial service, supplies, parking and landscaping.

Commission staff contracted with Lea Associates, Inc., to conduct a fair market rental value appraisal of the building. The analysis found that the fair market rental rate for the building is approximately equal that negotiated with the Landlord.

The attached Agreement has been approved as to form by County Counsel and executed by the Landlord. The Agreement will be effective upon approval by the Board and execution by the Executive Director.

ENVIRONMENTAL DOCUMENTATION:

This project is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to Title 24, Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves activities that will not alter existing environmental conditions. It is exempt from the provisions of CEQA pursuant to State CEQA Guidelines Sections 15060(c)(3) and 15378 because the activities are not defined as a project under CEQA and therefore do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROGRAMS:

The lease option renewal will provide continued administrative office space for the conduct of the Commission and the Housing Authority programs and activities.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachment: 1

CJ/CC/MP/lg: Coral Lease Option Renewal

ATTACHMENT A

SECOND AMENDMENT TO THE LEASE AND AGREEMENT

SECOND AMENDMENT TO LEASE AND AGREEMENT
2 CORAL CIRCLE, MONTEREY PARK

THIS SECOND AMENDMENT TO LEASE AND AGREEMENT, hereinafter referred to as "Amendment", made, entered and dated as of this _____ day of May, 2005, by and between MILLER BROTHERS CORAL CIRCLE, LLC, a California limited liability company, hereinafter referred to as "Lessor" and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic, hereinafter referred to as "Lessee".

W I T N E S S E T H

WHEREAS, under a Lease and Agreement by and between McCaslin Properties, a California General Partnership, as Lessor, and the Community Development Commission of the County of Los Angeles, as Lessee, dated July 26, 1994 and amended by the First Amendment to Lease and Agreement dated February 18, 1997, pursuant to which Lessor leased to Lessee those certain Premises located at 2 Coral Circle, Monterey Park, California, more particularly described as approximately 85,300 rentable square feet of office space and 323 surface parking spaces and;

WHEREAS, Miller Brothers Coral Circle, LLC, successor to McCaslin Properties, is now the Lessor, and retains all rights and responsibilities granted pursuant to Lease and Agreement dated July 26, 1994 and as amended by the First Amendment to the Lease and Agreement dated February 18, 1997 and;

WHEREAS, Lessee was a holdover Lessee with the approval of the Lessor under the terms of the Original Lease commencing March 27, 2005, and until the execution of this Amendment by all parties hereto and;

WHEREAS, Lessor and Lessee desire to amend the terms of the Lease and Agreement to extend the term, adjust the rental rate and provide Lessee with Lessee specified tenant improvements and;

WHEREAS, the terms of this Second Amendment to the Lease and Agreement will not become effective until such time that said Amendment is executed by all parties hereto.

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and for 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, Lessor and Lessee hereby covenant and agree as follows:

1. **TERM:** Effective upon execution of this Amendment by the parties hereto, Paragraph 2,B, Options to Renew, will be restated such that Lessee will have one five-year option to renew the term under the same terms and conditions provided in the Lease. Effective upon execution of this Amendment by the parties hereto, Paragraph 2,A, Original Term, will be deleted in its entirety and the following substituted therefor:

   The term of this Lease and Agreement shall commence upon execution by all parties hereto and is hereby extended such that it will terminate on March 26, 2010, unless otherwise extended, or terminated earlier in accordance with the conditions and provisions contained herein or in future amendment(s) executed in writing between the parties.

2. **RENT:** Effective upon execution of this Amendment by the parties hereto, and for the remainder of the Term commencing upon execution by all parties hereto, the first and second sentences of Paragraph 3, Base Rent, are hereby deleted in their entirety and the following is substituted therefor:

   The Lessee hereby agrees to pay for said Premises during each month of the first option renewal the Base Rent in the sum of Ninety Seven Thousand One Hundred Forty Three Dollars ($97,143) per month.

   The remainder of Paragraph 3, Base Rent, shall remain in full force and effect.

3. **NOTICES:** Paragraph 14, NOTICES, is hereby deleted in its entirety and the following is substituted therefor:

   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 as follows.

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

   Miller Brothers Coral Circle, LLC
   William Coghlan, Director of Acquisitions
   4232-8 Las Virgenes Road, Suite 101
   Calabasas, California 91302

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

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

Carlos Jackson, Executive Director
Community Development Commission
of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755

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

4. **LESSEE IMPROVEMENTS:** Paragraph 25, LESSEE IMPROVEMENTS, is hereby deleted in its entirety and the following is substituted therefor:

   Lessor shall provide Lessee an allowance for Lessee specified Lessee Improvements to the Premises in the amount of $30,000.

5. Wherever a conflict exists in the terms or conditions of this Second Amendment to Lease and Agreement for 2 Coral Circle, Monterey Park, and the original Lease and Agreement, the terms and conditions of this Amendment shall prevail. All other terms and conditions of the Lease and Agreement remain unchanged and are hereby reaffirmed in full force and effect.

IN WITNESS WHEREOF, the Lessor has executed this Second Amendment to Lease and Agreement, or caused it to be duly executed, and the Community Development Commission of the County of Los Angeles has caused this Amendment to be executed by the Executive Director, or his designee, on the day, month, and year first above written.

LESSOR:
MILLER BROTHERS CORAL CIRCLE, LLC

By

Title: Director - Acquisitions

LESSEE:
COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

By CARLOS JACKSON, Executive Director

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By Principal Deputy