County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE
713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
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DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
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First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

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Fourth District

MICHAEL D. ANTONOVICH
Fifth District

March 7, 2006

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:

DEPARTMENT OF HEALTH SERVICES
HARBOR-UCLA FAMILY MEDICINE HEALTH CENTER
AMENDMENT NO. 1 AND OPTION TO RENEW LEASE NO. 73163
1403 WEST LOMITA BOULEVARD, LOS ANGELES
(FOURTH DISTRICT) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Mayor to sign the attached Amendment No. 1 and Option to Renew Lease No. 73163 with Anastassi Development Company, LLC (Lessor), for 12,527 rentable square feet of office/clinic space and 40 square feet of storage located at 1403 West Lomita Boulevard, Los Angeles. Exercise the County's option to renew the Lease for an additional five-year term, effective March 12, 2006, at the initial base annual rent of $233,002 on a modified full service basis. The rental costs are 50 percent funded by State and Federal sources, and 50 percent net County cost.

2. Find that the Amendment is categorically exempt from the provisions of 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 1601 (b) (3) of the State CEQA Guidelines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Due to a lack of space at Harbor UCLA Hospital, the Department of Health Services (DHS), Family Medicine Health Center (FMHC) has occupied approximately 12,527 rentable square feet of office/clinic space at the subject facility since March 2001, which includes 11,380 square feet on the second floor and an administrative office consisting of 1,147 square feet on the first floor.

Approval of the proposed Amendment will allow the Department to continue operating from this location. The Amendment establishes the terms and conditions for the option to extend the Lease term, sets the rental rate during the option period, and sets forth the performance of certain deferred maintenance to the facility.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we provide the public with easy access to County services (Goal 1), and ensure that service delivery systems are efficient, effective, and goal-oriented (Goal 3). In this case, the proposed action will enable DHS to continue to provide services to the residents at the same location without interruption.

FISCAL IMPACT/FINANCING

The option term will be effective March 12, 2006 upon Board approval, and will terminate five years thereafter. The base rental rate of $1.55/$18.60 per square foot per month/year, or $19,417 per month, or $233,002 annually will be subject to annual adjustment based on the Consumer Price Index (CPI) with a cap of four percent (4%) over the base year rent for years two and three, and a cap of five percent (5%) for years four and five. This is a split service lease whereby the County is responsible for electricity and janitorial services and the Lessor is responsible for all other costs associated with the tenancy. The following chart delineates the changes from the current Lease to the proposed Amendment.

	Current Lease	Proposed Amendment	Change
Area	12,527 rentable square feet	12,527 rentable square feet	None
Storage	None	Storage area 40 square feet. Not part of rentable square footage.	+40 square feet of storage space
Annual Rent (including parking)	$229,427.52 (modified gross).	$233,002.20 (modified gross).	+$3,574.68
Annual Cost Per Square Foot	$18.31	$18.60	+$0.29
Term	5 years	5 years	None
Additional Tenant Improvements	None	None	None
Cancellation	None	After 30 months, upon 60 days prior written notice	+cancellation right
Rental Adjustments	Based on Consumer Price Index, capped at five percent (5%) annually	Based on Consumer Price Index, cap at four percent (4%) for year 2 & 3, and five percent (5%) for years 4 & 5.	-1% for years 2 & 3. No change for years 4 & 5 of term.
Option	One 5-year term	A new 5-year term	+ 5 years
Utilities	Net of electricity	Net of electricity and janitorial service. Estimated to cost: $1.29/sq.ft./year or $16,160/year	+janitorial service $16,160/yr.

Sufficient funding for the base rent of the proposed amendment is included in the 2005-06 Rent Expense budget and will be billed back to DHS. Sufficient funding will be proposed in the Rent Expense budget for the 2006-07 fiscal year. Sufficient funding is available in the DHS operating budget to cover projected lease costs as well as the additional janitorial costs. The FMHC is an extension of the Harbor-UCLA Medical Center and is 50 percent subvened.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed Amendment to extend the term for 12,527 square feet of office/clinic space, and 44 on-site parking spaces will be modified to include as part of the rental rate, approximately 40 square feet of storage space within a closet on the third floor for biohazardous waste material and a housekeeping supplies cabinet.

The County has been housed at this location since 2001. The proposed Amendment contains the following terms:

- The "Description of Premises" has been amended to include approximately 40 square feet of a storage closet on the third floor for storing biohazardous material and housekeeping supplies. The additional space is included in the rental rate, but not part of the 12,527 rentable square feet.
- A cancellation provision exercisable by the County at or anytime after the thirtieth month of the option term.
- A transfer of responsibility for janitorial services and housekeeping supplies from Lessor to the County as requested by DHS.
- A change of Lessor's notice information to reflect a recent change of ownership.
- The Rental Adjustment was modified to reflect a CPI cap of four percent (4%) for years two and three, and five percent (5%) for years four and five.
- This is a split service lease whereby Lessor is responsible for operating costs associated with the County's occupancy, with the exception of electricity, janitorial services, housekeeping supplies and disposal of bio-medical waste.
- An option to extend the term for an additional five years.

The Chief Administrative Office (CAO) Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could suitably accommodate this requirement. Based upon said survey, staff has established that the rental range for similar space is between $1.48 and $2.60 per square foot per month on a modified gross basis. Thus, the rental annual rental rate of $1.55 for the proposed lease represents a rate within the market range for the area.

FMHC comprises approximately 80 on-site staff providing resident teaching, family medicine, administrative functions, in addition to primary patient care services to the South Bay communities. The service area includes the surrounding cities of Inglewood, Torrance, Harbor City, Long Beach and the unincorporated areas within the Service Planning Area No. 8. Approval of the proposed Amendment will allow the FMHC to continue operating from this location and provide its services to this geographic area.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

In accordance with your Board's policy on the housing of any County offices or activities, DHS concurs with the recommendation to approve Amendment No. 1, to Lease No. 73163, and to exercise the option to renew the lease. The Amendment has been reviewed and approved as to form by County Counsel.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

This Office has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in 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.

CONCLUSION

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

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD:CEM
MS:FC:hd

Attachment

c: County Counsel
Auditor-Controller
Department of Health Services

1403WLomita.b

ATTACHMENT A

DEPARTMENT OF HEALTH SERVICES

1403 WEST LOMITA BOULEVARD, LOS ANGELES

Asset Management Principles Compliance Form[1]

				Yes	No	N/A
1.	**Occupancy**					
	A	Does lease consolidate administrative functions?[2] **Administrative functions will remain centralized at DHS Harbor UCLA hospital.**				X
	B	Does lease co-locate with other functions to better serve clients?[2] **The department has requested to remain at this facility due to budget constraints.**			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? **The average is 157 sq. ft. per employee in this facility. Budget constraints do not permit relocation or expansion.**			X	
	E	Does lease satisfy 80% parking rule?[2] **Parking is underutilized by other tenants.**			X	
2.	**Capital**					
	A	Is it substantially a net County cost (NCC) program? List % NCC	50%	X		
	B	If not, is this a long term County program?				X
	C	If yes to 2 A or B; is it a capital lease or operating lease with an option? **SEE 2G**			X	
	D	If no, are there any suitable County owned facilities available?			X	
	E	If yes, why is lease b eing 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 or capital project isn't feasible for 12,527 sq. ft. requirement.**			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] **Lessor reluctant to take on certain utility responsibilities and Dept. requested to take on janitorial service to be included in their master contract.**			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

Department of Health Services
1403 West Lomita Boulevard, Los Angeles

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS	SQUARE FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
A655	ALT PD & PUB DEFENDER-TORRANCE BRANCH OFFICES	3655 TORRANCE BLVD, TORRANCE 90503	10994	2801	LEASED	NONE
5177	TORRANCE COURTHOUSE	825 MAPLE AVE, TORRANCE 90503-5058	155368	75242	FINANCED	NONE
T825	TORRANCE COURT-STEPHEN E O'NEIL JURY ASSEMBLY	825 MAPLE AVE, TORRANCE 90503-5058	2880	2736	OWNED	NONE
5043	TORRANCE COURTHOUSE-ANNEX	3221 TORRANCE BLVD, TORRANCE 90503	16996	9560	OWNED	NONE
T019	TORRANCE COURTHOUSE-TRAFFIC DIVISION	3221 TORRANCE BLVD, TORRANCE 90503	2880	2808	OWNED	NONE
A414	DCFS-REGION II HEADQUARTERS/ TORRANCE OFFICE	2325 CRENSHAW BLVD, TORRANCE 90501	60804	57764	LEASED	NONE
0921	HS-OLD TORRANCE PUBLIC HEALTH CENTER (CLOSED)	2300 W CARSON ST, TORRANCE 90501	11306	6036	OWNED	6036
2063	HARBOR-REI ADMINISTRATION BUILDING N-14	1124 W CARSON ST, TORRANCE 90502	11802	8829	OWNED	NONE
3516	SAMOAN FEDERATION SERVICE CENTER	404 E CARSON ST, CARSON 90745	2568	2136	OWNED	NONE
2054	HARBOR-PUBLIC HEALTH PROGRAMS BLDG N-22	1000 W CARSON ST, TORRANCE 90502	2650	2120	OWNED	NONE
2061	HARBOR-MEDICAL RECORDS BLDG N-6	1000 W CARSON ST, TORRANCE 90502	2257	1824	OWNED	NONE
2093	HARBOR-REI MEDICINE OFFICES E-2	1000 W CARSON ST, TORRANCE 90502	4007	3611	OWNED	NONE
2095	HARBOR-REI PEDIATRICS/ EMERGENCY MEDICINE E-4	1000 W CARSON ST, TORRANCE 90502	10051	7219	OWNED	NONE
2101	HARBOR-HOSPITAL PLANNING & ARCH/MECHANICAL F4	1000 W CARSON ST, TORRANCE 90502	5804	5544	OWNED	NONE
2114	HARBOR-COUNTY TRANSPORTATION OFFICE H-1	1000 W CARSON ST, TORRANCE 90502	830	670	OWNED	NONE
2127	HARBOR-WOMEN'S HEALTHCARE PROGRAMS BLDG N-35	1000 W CARSON ST, TORRANCE 90502	1535	1192	OWNED	NONE
2869	HARBOR-MEDICAL RECORDS OFFICE F-8	1000 W CARSON ST, TORRANCE 90502	4040	2836	OWNED	NONE
2870	HARBOR-REI NEUROLOGY BUILDING F-9	1000 W CARSON ST, TORRANCE 90502	5184	3863	OWNED	NONE
2958	DHS-CHILD HEALTH DISABILITY & PREVENTION N-34	1000 W CARSON ST, TORRANCE 90502	1125	874	OWNED	NONE
2963	HARBOR-DHS-CHDP OFFICE COTTAGE #14	1000 W CARSON ST, TORRANCE 90502	875	678	OWNED	NONE
2964	HARBOR-NURSING (HOME HEALTH CARE) COTTAGE #16	1000 W CARSON ST, TORRANCE 90502	875	678	OWNED	NONE
2965	HARBOR-PEDIATRICS COTTAGE #18	1000 W CARSON ST, TORRANCE 90502	875	678	OWNED	NONE
T529	HARBOR-PAYROLL TRAILER L-4	1000 W CARSON ST, TORRANCE 90502	2160	1423	OWNED	NONE
T530	HARBOR-HUMAN RESOURCES TRAILERS L-2 & L-3	1000 W CARSON ST, TORRANCE 90502	1034	872	OWNED	NONE
T531	HARBOR-PATIENT FINANCIAL SERVICES 3-SOUTH	1000 W CARSON ST, TORRANCE 90502	12240	9936	OWNED	NONE
T606	HARBOR-ENVIRONMENTAL HEALTH & SAFETY BLD N-32	1000 W CARSON ST, TORRANCE 90502	3600	3144	OWNED	NONE
X904	HARBOR-REI EMERGENCY MEDICINE OFFICE N-7	1000 W CARSON ST, TORRANCE 90502	1011	672	OWNED	NONE
X907	HARBOR-NURSING PRACTICE AFFAIRS BUILDING N-18	1000 W CARSON ST, TORRANCE 90502	2160	1586	OWNED	NONE
Y737	HARBOR-AF PARLOW HEALTH LIBRARY	1000 W CARSON ST, TORRANCE 90502	22846	20003	OWNED	NONE
5861	PUBLIC LIBRARY-CARSON REGIONAL LIBRARY	151 E CARSON ST, CARSON 90745	33112	27001	OWNED	NONE
T523	SHERIFF-CARSON STATION TRAILER-SSGU	21356 S AVALON BLVD, CARSON 90745	612	551	OWNED	NONE
T525	SHERIFF-CARSON STATION TRAILER-MCAD	21356 S AVALON BLVD, CARSON 90745	672	605	OWNED	NONE
A389	PW-INC CITY OFFICE/AREA 1 FIRE PREVENTION OFF	701 E CARSON ST, CARSON 90745	2439	2439	GRATIS USE	NONE
6130	SOUTH COAST-ADMINISTRATION BUILDING	26300 CRENSHAW BLVD, PALOS VERDES ESTATES 90274	3003	2133	OWNED	NONE
6332	PUBLIC LIBRARY-LOMITA LIBRARY	24200 NARBONNE AVE, LOMITA 90717	8928	6487	OWNED	NONE
6333	LOMITA ADMINISTRATIVE CENTER	24330 NARBONNE AVE, LOMITA 90717	30517	20493	OWNED	6,700
0100	PW ROAD-DIV #232 SUBYARD OFFICE	24309 WALNUT ST, LOMITA 90717	600	540	OWNED	NONE
A352	DPSS-HARBOR ONE-STOP GAIN REGION V SUB-OFFICE	1851 N GAFFEY ST, SAN PEDRO 90731	2070	1967	LEASED	NONE

AMENDMENT NO. 1 AND
EXERCISE OF FIRST OPTION TO RENEW
LEASE NO. 73163
DEPARTMENT OF HEALTH SERVICES
1403 WEST LOMITA BOULEVARD, LOS ANGELES

This AMENDMENT NO. 1 and EXERCISE OF OPTION TO RENEW LEASE NO. 73163 ("Amendment No. 1") is made, entered and dated as of this ____ day of _____, 2006 by and between Anastasi Development Company, LLC, a California limited liability company, hereinafter referred to as "LESSOR," and the COUNTY OF LOS ANGELES, a body corporate and politic, hereinafter referred to as the "LESSEE."

WHEREAS, on December 5, 2000, Lease No. 73163 (the "Lease") was entered into by and between San Pedro Peninsula Hospital, a California Non Profit Public Benefit Corporation as Lessor and the COUNTY OF LOS ANGELES, as Lessee, to lease approximately 12,527 rentable square feet of office space located at 1403 West Lomita Boulevard, Los Angeles (the "Property"), for a term of five years; and

WHEREAS, Lessor and Lessee acknowledge that Lessee has had beneficial occupancy of the leased premises and rent commenced for the original term on March 12, 2001; and

WHEREAS, Anastasi Development Company, LLC, a California limited liability company , is the successor to San Pedro Peninsula Hospital, and is now the Lessor and has assumed all rights, interests and obligations granted pursuant to the Lease; and

WHEREAS, pursuant to Paragraph 2, TERM, subparagraph B Options to Renew of the Lease, Lessee is desirous to exercise its option to renew thereby extending the term of the Premises currently leased for an additional five years, and Lessor is in agreement with extending and amending the term pursuant to Paragraph 2. herein; and

WHEREAS, Lessee desires to lease an additional 40 square feet (approximate) of storage space located on the third floor of the Premises, and Lessor agrees to Lease additional storage space to Lessee, subject to the terms and conditions contained herein; and

WHEREAS, Lessee desires another option to renew this Lease for a period of five years under the same terms and conditions except that rental rate for the option shall be subject to adjustment, not to exceed 95% of fair market value.

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, Lessor and Lessee hereby covenant and agree to amend Lease No. 73163 as follows:

1. Upon execution of this Amendment No. 1 by the parties hereto, Paragraph 1, **DESCRIPTION OF PREMISES** of the Lease shall be deleted in its entirety and replaced with the following:

BH

1. **DESCRIPTION OF PREMISES:**

The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby Leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, those certain premises located at 1403 West Lomita Boulevard, City of Los Angeles, in the County of Los Angeles, State of California, more particularly described as follows:

Approximately 12,527 rentable square feet of office/clinic space located on the first and second floors as shown on the plans attached as Exhibit "A" to the Lease. Additionally, Lessor shall provide for the exclusive use of the Lessee, approximately 40 square feet of storage space. Such space shall be located in the 3rd Floor Storage Room and is to be used for bio-hazardous waste and housekeeping supply storage only. Lessor shall provide area for storage of Lessee's janitorial supplies in the 3rd Floor Storage Room. (Collectively, the foregoing shall be referred to hereinafter as the "Premises.")

Lessor and Lessee acknowledge that the Premises consist of approximately 12,527 rentable square feet, plus approximately 40 square feet of storage space, and 44 parking spaces. The Premises were measured by Lessor and verified independently by Lessee in accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association (BOMA) International. No further measurement or adjustment is to be incorporated, except by specific amendment to this Lease.

2. Upon execution of this Amendment by the parties herein, Paragraph 2, **TERM**, of the Lease shall be deleted in its entirety and replaced with the following:

2. **COMMENCEMENT AND EXPIRATION DATES:**

A. Term.

The term of this Lease shall be for a period of five years commencing upon approval of this Amendment No. 1 by the Board of Supervisors (the "Commencement Date"), but in no event sooner than March 12, 2006, and ending five years thereafter.

B. Early Termination.

At or any time after the thirtieth month following the Commencement Date, Lessee at its sole discretion shall have the right to either terminate this Lease in its entirety or reduce the rentable square footage of the Premises by giving Lessor not less than 60 days prior written notice from Lessee's Chief Administrative Officer.

EJ

C. Option to Renew.

Lessee shall have the option to renew this Lease for a period of five years under the same terms and conditions as contained herein (the "Option Period"), except that the rental rate for the Option Period shall be adjusted by negotiation, and shall in no event exceed 95% of the then prevailing Fair Market Rent ("FMR"). The FMR shall be determined by using the rental rate for similarly improved office/clinic space within a five-mile radius of the Premises and subtracting therefrom that portion of the rent covering the tenant improvement allowance, if any, for transactions consummated within the nine months immediately preceding the commencement date of the option term. In determining the Fair Market Rent, equitable adjustments shall be made to the surveyed rental values for the size and credit worthiness of the Lessee, the quality of the project, the nature of Lessee's tenant improvements and any other lease terms having an impact on rental value (such as a tenant's option to expand or purchase).

Lessee, by Chief Administrative Office letter, shall notify Lessor in writing not less than six months prior to the expiration of the Lease term of Lessee's intention to exercise its option. The actual exercise of the option shall be made only by the Board of Supervisors of the County of Los Angeles.

3. Upon execution of this Amendment No. 1 by the parties hereto, Paragraph 3, **RENT** of the Lease shall hereby be amended by deleting all mention of "The sum of Sixteen Thousand Nine Hundred Eleven 45/100 Dollars ($16,911.45) per month, i.e., $1.35 per rentable square foot per month" wherever it appears in Paragraph 3 and replacing it with the following: "The sum of NINETEEN THOUSAND, FOUR HUNDRED SIXTEEN AND 85/100 DOLLARS ($19,416.85) per month or $1.55 per rentable square foot per month"

4. Upon execution of this Amendment No. 1 by the parties hereto, Paragraph 5, **CANCELLATION** of the Lease shall be deleted in its entirety:

5. Upon execution of this Amendment No. 1 by the parties hereto, Paragraph 9, **REPAIR, MAINTENANCE AND REPLACEMENT** shall be amended by adding the following as Subparagraph 9E:

9. REPAIR, MAINTENANCE AND REPLACEMENT:

E. Lessee shall be responsible for providing all janitorial supplies (including restroom supplies) and janitorial services for the Premises.

Lessee shall also continue to be responsible for the disposal of all Bio-Medical waste, and the procurement of all paper supplies for the kitchen areas and exam rooms on the Premises. Lessor has agreed to supply bio-hazardous waste storage area as described in Paragraph 1 of this Amendment No. 1.

Furthermore, the deferred maintenance and repair items listed in Exhibit A to this Amendment No. 1 shall be performed by Lessor as a condition precedent to the commencement of the Lease, but in no event shall such performance be completed later than April 30, 2006, or Lessee may perform, or cause to be performed on its behalf, the required repair and maintenance and may deduct the cost thereof plus overhead charges from the rental payments next due to Lessor. All items on Exhibit A with regard to the second floor and common areas will be completed by Lease Commencement date.

6. Upon execution of this Amendment No. 1 by the parties hereto, Paragraph 15 **NOTICES** shall be amended by changing the Lessor's notification address to:

Anastasi Construction Company, LLC
Clayton Hill, Property Manager
P.O. Box 1412
Redondo Beach, CA 90278

7. Upon execution of this Amendment No. 1 by the parties hereto, Paragraph 30 **RENT ADJUSTMENT** of the Lease shall be deleted in its entirety and replaced with the following:

30. RENTAL ADJUSTMENT:

A. Rental Adjustment Period

For each successive 12-month period following the Commencement Date, the monthly rental shall be subject to adjustment. At the first anniversary of the first day of the first full calendar month following the Commencement Date and every twelve months thereafter (each, an "Adjustment Date"), the rent shall be adjusted in accordance with the CPI formula as set forth in subparagraph B below. The "Base Index" shall be the Index published for the month in which the Commencement Date occurs.

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-Riverside-Orange Co. 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 shall be calculated by multiplying the base rent set forth in Paragraph 3, RENT (the "Base Rent"), by a fraction, the numerator being the Index published for the month immediately preceding the Adjustment Date (the "New Index"), and the denominator being the Base Index, and then adding to or subtracting from that total result the amount needed to amortize Lessee's additional Lessee improvements plus change order costs, if any.

BH.

The formula shall be as follows:

(New Index ÷ Base Index) x (Base Rent) = Adjusted Rental Rate

or

(New Index ÷ Base Index) x ($19,416.85) = Adjusted Rental Rate

If the Index is changed so that the base year of the Index differs from that used as of the Commencement Date hereunder, 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 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 the provisions of California Code of Civil Procedure Section 1280 et. seq. as they now exist or may later be amended 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:

1. During months one through 36 of the Lease term set forth herein, the monthly rent adjustment based upon the CPI formula set forth above shall not result in an annual increase greater than four percent (4%) per year of the monthly base year rent at the Commencement Date. By way of illustration, if the total Base Rent at the Commencement Date is $19,416.85, then in no event shall the rental adjustment be greater than $776.67 per month in any one year.

2. During months 37 through 60 of the Lease term set forth herein, the monthly rent adjustment based upon the CPI formula set forth above shall not result in an annual increase greater than five percent (5%) per year of the monthly base year rent at the Commencement Date. By way of illustration, if the total Base Rent at the Commencement Date is $19,416.85, then in no event shall the rental adjustment be greater than $970.84 per month in any one year.

3. In no event shall the monthly rent be adjusted by the CPI formula to result in a lower monthly rent than was payable during the previous year of the Lease.

8. In the event of a conflict between the terms of the Lease and the terms of this Amendment No. 1, the terms of Amendment No. 1 shall control. The terms "include" and "including" are not limiting and include the concept of "including but not limited to." All other terms and conditions contained in Lease No. 73163 shall remain in full force and effect, and are hereby re-affirmed.

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 Mayor of Los Angeles County and attested by the Clerk thereof on the day, month, and year first above written.

LESSOR

ANASTASI DEVELOPMENT COMPANY, LLC
a California Limited Liability Company

By: _____
Darrell Nyznyk, President

By: _____
Brian Hughes, Vice President

ATTEST:

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

By: _____

LESSEE

COUNTY OF LOS ANGELES

By: _____
Mayor, Los Angeles County

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
COUNTY COUNSEL

By: _____
Senior Associate County Counsel

FC/2006

EXHIBIT "A"
MAINTENANCE/REPAIR ITEMS

1st Floor

- 3 offices on 1st Floor: A/C completely shuts down on the 1st floor. County Inspector recommends air balance service and report.
- Offices/conference room–water stains on acoustic ceiling tiles (clean or replace).
- One office (water puddle on light lens-clean or replace).
- Carpet stains in common area (clean or replace carpet).

2nd Floor

- Missing a door stop for an exit door to the corridor.
- Vent grills stained in various areas–Request:
  1. Clean grills
  2. Change A/C filters as needed.
  3. Clean ducts as needed.
  4. Clean air supply vent as needed.
- HVAC: need air balance service and report.
- Precepting Room (Doctor's room): The air vent needs to be clipped on properly.
- Men's restroom (in module c): toilet plugs up often (maintain or replace as needed).
- Toilet paper dispensers don't turn (per staff, they don't function properly). Maintain or replace as needed.
- One public restroom on 2nd floor-toilet doesn't flush well, plugs up often. (maintain or replace as needed).
- Room 14 drip pan: suffers from water leaks especially during rains. (maintain/repair as needed).

3rd Floor

- Water heater drains into the room: need to install a connection to a drainage line, or an outlet with an overflow drain pan as required by code.
- Missing a second seismic brace on the water heater as required by code.

Parking Lot:

- Recommend blacking out/painting over the white lines of old parking stalls located at the driveway entrance (west of the parking structure). Occasionally clients will park there, blocking the driveway.

Parking Structure:

- A few lights are out in structure (repair or replace as needed).
- Entry/exit is confusing/dangerous. There are two entries close to each other, one directly on Lomita Blvd (South), and the other from the Southerly-West end, Suggest placing plastic orange dividers at the street entrance.

Utility Room/Electrical Room:

- Need to provide working clearance in front of the switchboard as required by code.

FC/2006