



Sean Rogan
Executive Director

COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles

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Gloria Molina
Mark Ridley-Thomas
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Michael D. Antonovich
Commissioners

May 15, 2012

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

Dear Commissioners:

**FOURTH AMENDMENT TO THE LEASE AND AGREEMENT BETWEEN THE COMMUNITY
DEVELOPMENT COMMISSION AND MILLER BROTHERS CORAL CIRCLE, LLC, FOR THE
ADMINISTRATIVE BUILDING AT 2 CORAL CIRCLE IN MONTEREY PARK
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

This letter recommends approval of the Fourth Amendment to the Commission's Lease and Agreement (Lease) with Miller Brothers Coral Circle, LLC for 85,300 square feet of administrative office space at 2 Coral Circle in Monterey Park. The Lease currently expires on May 26, 2012. The Fourth Amendment will extend the term until October 31, 2012 at the same rent, with an optional one-month holdover until November 30, 2012.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize the Executive Director or his designee to execute the Fourth Amendment to the Lease with Miller Brothers Coral Circle, LLC, to extend the term until October 31, 2012, with an optional one-month holdover until November 30, 2012, for the occupancy of 85,300 rentable square feet of office space and 323 surface parking spaces at 2 Coral Circle in Monterey Park.

2. Find that the proposed Lease extension is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the activities are not defined as a project under CEQA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Lease extension is necessary to accommodate approximately 245 employees while construction

ADOPTED

Community Development Commission

1-D May 15, 2012

SACHI A. HAMAI
EXECUTIVE OFFICER

is completed on the new Commission and Housing Authority headquarters at 700 West Main Street in Alhambra. The Commission expects staff to begin moving into the Alhambra facility in September 2012.

FISCAL IMPACT/FINANCING

There is no impact on the County General Fund.

The base rent will remain at \$1.15 per square foot per month, or \$98,095 per month. Funding through June 30, 2012 is included in the Commission and Housing Authority's approved Fiscal Year 2011-12 budgets for this purpose, and funding for the remainder of the Lease term will be included in the Commission and Housing Authority's Fiscal Year 2012-2013 proposed budgets. Rental costs are divided between the Commission and Housing Authority based on square footage.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In 1994, the Commission moved into its current location at 2 Coral Circle in Monterey Park under a ten-year lease with two five-year renewal options. In 2005, your Board approved a five-year extension, and in 2010, your Board approved a two-year extension, bringing the current Lease term to May 26, 2012.

The proposed Lease extension will provide for the uninterrupted use of 85,300 square feet of administrative office space and 323 parking spaces. The renewal term will commence on May 27, 2012 and terminate on October 31, 2012. The Commission will have the right to holdover until November 30, 2012 at the same base rent.

The Fourth Amendment contains language whereby Miller Brothers Coral Circle, LLC and the Commission each release the other party from all claims, known or unknown, related to the Lease prior to execution of the Fourth Amendment. All other terms and conditions of the Lease will remain in full force and effect. The Fourth Amendment is attached in substantially final form.

ENVIRONMENTAL DOCUMENTATION

This action is exempt from the National Environmental Policy Act pursuant to Title 24, Code of Federal Regulations, Part 58, Section 34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment. The action is not subject to the provisions of CEQA, pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Lease extension will provide continued use of office space for the administration of the Commission and Housing Authority's programs and activities.

The Honorable Board of Supervisors

5/15/2012

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line extending to the right.

SEAN ROGAN

Executive Director

SR:nt

Enclosures

**FOURTH AMENDMENT TO LEASE AND AGREEMENT
2 CORAL CIRCLE, MONTEREY PARK**

THIS FOURTH AMENDMENT TO LEASE AND AGREEMENT, hereinafter referred to as the "Fourth Amendment", made, entered into and dated as of this 15th day of May, 2012, 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".

WITNESSETH

WHEREAS, under a Lease and Agreement by and between McCaslin Properties, a California General Partnership ("**McCaslin**"), as Lessor, and the Community Development Commission of the County of Los Angeles, as Lessee, dated July 26, 1994 (the "**Original Lease**") and amended by said parties pursuant to that certain First Amendment to Lease and Agreement dated February 18, 1997 ("**First Amendment**"), pursuant to which Lessor amended the Original Lease and added an additional 17,800 square feet to the "Original Premises" leased to Lessee at 2 Coral Circle, Monterey Park, California. The Premises now total approximately 85,300 rentable square feet of office space and 323 surface parking spaces, and;

WHEREAS, on or about May 10, 2005, Miller Brothers Coral Circle, LLC, as successor-in-interest to McCaslin as the Lessor under the Original Lease, as amended by that certain First Amendment dated February 18, 1997, executed that certain Second Amendment to Lease and Agreement ("**Second Amendment**") pursuant to which the parties agreed to extend the term of the Original Lease (as amended) so as to terminate on March 26, 2010, unless otherwise extended; modifying the rent under the first option renewal; revising the "Notice Provisions" of the Original Lease as to Lessor and Lessee; and the provision by Lessor to Lessee of a specified Lessee Improvements allowance for the Premises.

WHEREAS, on or about March 19, 2010, Lessor and Lessee agreed to amend the terms of the Lease to further extend the term to terminate on May 26, 2012, adjust the rental rate and modify the terms of said Lease to change it from a triple net lease to a modified gross lease (the "**Third Amendment**"). The Original Lease together with the First Amendment, Second Amendment and Third Amendment shall be referred to hereinafter as the "Lease".

Capitalized terms used in this Fourth Amendment shall have the meanings ascribed to them in the Lease unless expressly defined otherwise in this Fourth Amendment.

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:** Following execution of this Fourth 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 shall be extended hereunder from 12:01A.M. on May 27, 2012, and will terminate on October 31, 2012, unless otherwise extended, or terminated earlier in accordance with the conditions and provisions contained in the Lease herein or in future amendment(s) executed in writing between the parties. Lessee shall have the right to holdover until November 30, 2012 (the “**Initial Holdover Period**”), at the same Base Rent.”

2. **RENT:** Following execution of this Fourth Amendment by the parties hereto, and for the remainder of the Term commencing May 27, 2012 (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 Lessor for said Premises, during each month of the Term of this Lease, including the Initial Holdover Period, Base Rent in the sum of Ninety-Eight Thousand Ninety-Five Dollars (\$98,095.00) per month.

3. **WAIVER:** Except for the liabilities and obligations arising out of this Fourth Amendment and the liabilities and obligations arising as of the date of execution of the Fourth Amendment or after including future Lease obligations as set forth in the Lease, the Lessor and Lessee each hereby respectively waive, release, acquit and discharge from the beginning of time, and in and for the future, the other contracting party and the other contracting party's respective partners, officers, commissioners, directors, shareholders, agents, employees, partner companies, subsidiaries, affiliates, members, attorneys, experts, representatives, insurers, successors, assigns and heirs of and from any and all sums of money, accounts, claims, demands, contracts, actions, liabilities, deaths, controversies, agreements, damages, and causes of action whatsoever, of whatever kind of nature, whether known or unknown, patent or latent, contingent or liquidated, suspected or unsuspected, which the Lessor and Lessee now own, hold, have or claim to have against each other including, but not limited to, those that relate, in any manner, to seismic retrofit work performed, costs related to seismic retrofit analysis and work, claims that due to deferred maintenance any repairs or part thereof are the responsibility of Lessee, claims relating to either parties alleged past failure to

maintain the building, the parking lots or other claims relating to failure to perform pursuant to the Lease, claims for past underpayment or over payment or overcharging or undercharging of operating expenses or other additional rent, and without limiting the generality of the foregoing, any and all claims, damages, demands, actions and causes of action, known or unknown, contingent or liquidated, suspected or unsuspected, by reason of any matter or thing alleged or referred to, directly or indirectly, or in any way connected with or arising out of all or any of the matters, facts and occurrences, surrounding the tenancy alleged or referred to in any of the negotiations that occurred prior to the execution date of this Fourth Amendment (collectively the “**Claims**”). By way of limitation to this release, the intention is to release each other for any and all Claims arising and or originating during all periods prior to the execution of this Fourth Amendment, but that the waivers will include all Claims which are discovered even after the execution of this Fourth Amendment so long as the Claims were for acts, omissions, costs, damages, expenses, paid, incurred or arising prior to the execution of this Fourth Amendment.

Release of Future Claims

Lessor and Lessee agree to release each other from any claims and/or defects, whether known or unknown, whether currently existing or which may arise in the future, that arise out of or are related to the Lease term prior to the execution of this Fourth Amendment (the “**Release**”). This Release shall include actions or claims for equitable indemnity, breach of contract, negligence, oral contract, implied indemnity, express indemnity, declaratory relief and contribution by any party in connection with a personal injury or property damage action or Claim brought by a third party against any of the Lessor and Lessee arising out of the performance of each contracting party's obligation in the Lease.

Waiver of Civil Code Section 1542

The Lessor and Lessee acknowledge that they have been advised by their attorneys concerning, and are familiar with the provisions of the California Civil Code, §1542, as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

The Lessor and Lessee, in that connection, acknowledge that they may have sustained damage, loss, cost or expense which is presently unknown and unsuspected that arose out of the Lease and Landlord Tenant relationship, prior to the execution of this Fourth Amendment, and that such damage, loss, cost or expense as may have been sustained may give rise to additional damages, loss, cost or expense in the future. Nevertheless, the Lessor and Lessee acknowledge that this Fourth Amendment has

been negotiated and agreed upon in light of this situation, and expressly waive any and all rights which they may have under California Civil Code §1542, or any other state or federal statute or common law principle of similar affect as to the releases contained herein.

- 4. All other terms and conditions of the Lease shall remain the same and in full force and effect. In the event of any conflict between this Fourth Amendment and any provision of the Lease, the terms of this Fourth Amendment shall control.
- 5. This Fourth Amendment is subject to approval by the Board of Commissioners for the Lessee.

LESSOR:

MILLER BROTHERS CORAL CIRCLE, LLC,
a California limited liability company

By: _____

Title: _____

LESSEE:

Community Development Commission
of the County of Los Angeles,
a public body corporate and politic

By: _____

Title: Executive Director _____