



AGENDA REPORT

Meeting Date: November 5, 2008
Item Number: F-10
To: Honorable Mayor & City Council
From: Brenda Lavender-Moody, Real Estate & Property Manager
Subject: Memorandum of Lease and Second Amendment of Lease for Williams-Sonoma Stores, Inc
Attachments: 1. Memorandum of Lease and Second Amendment of Lease

RECOMMENDATION

Staff recommends approval of the Memorandum of Lease and Second Amendment of Lease by and between the City of Beverly Hills and Williams-Sonoma Stores, Inc., a California corporation. Williams-Sonoma has been a long-standing tenant of the City at the 345 N. Beverly Drive.

INTRODUCTION

A Memorandum of Lease and Second Amendment of Lease with Williams-Sonoma Stores, Inc. has been prepared for City Council approval. The second amendment extends the term of lease by six (6) years. The Second Amendment also mandates Williams-Sonoma's participation in the Winter Shopping Season Hours and Decorations as established or identified by the Beverly Hills Chamber of Commerce.

DISCUSSION

Williams-Sonoma's current lease at 345 N. Beverly expires January 31, 2009 and this Second Amendment will extend the term through January 31, 2015. This amendment secures a significant amount of space over the next six years at a rate of \$7.25/SF with no tenant improvement allowance, no free rent or out of pocket cost to the City.

Williams-Sonoma remains a prominent store in the business triangle and stable tenant for the City.

FISCAL IMPACT

The fiscal impact of the extension of this lease is additional annual revenue of \$911,073.00 and \$5,466,438.00 over the life of the extended lease term with no out of pocket expense to the City.



Scott G. Miller, Director of
Administrative Services, CFO
Approved By

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Clerk

[Space Above For Recorder's Use Only]

The undersigned declare that this Memorandum of Lease and Amendment of Lease is exempt from Recording Fees pursuant to California Government Code Section 27383 and exempt from Documentary Transfer Tax pursuant to California Revenue and Taxation Code Section 11911 (transfer for no consideration or value).

MEMORANDUM OF LEASE AND SECOND AMENDMENT OF LEASE

THIS MEMORANDUM OF LEASE AND SECOND AMENDMENT OF LEASE (this "**Amendment**") is dated as of _____, 2008, by and between the CITY OF BEVERLY HILLS, a California municipal corporation ("**Landlord**"), and WILLIAMS-SONOMA STORES, INC., a California corporation ("**Tenant**").

RECITALS

A. Landlord and Williams-Sonoma, a California corporation, entered into that certain "City of Beverly Hills Lease – 345 North Beverly Drive" dated as of May 16, 1996, for premises (the "**Premises**") on that certain land located in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as 345 North Beverly Drive, Beverly Hills, CA 90210.

B. Landlord and Williams-Sonoma subsequently amended such lease by a First Amendment to Lease dated October 15, 1996. The Lease, as so amended, is hereinafter referred to as the "**Lease**". Capitalized terms used but not defined herein shall have the meaning set forth in the Lease.

C. Williams-Sonoma then assigned the Lease to Tenant, and Tenant assumed the obligations of Williams-Sonoma under the Lease, by that certain Assignment and Assumption agreement dated July 7, 1998 entered into by Williams-Sonoma, Inc. as assignor and Tenant as assignee.

D. Tenant and Landlord desire to further amend the Lease as hereinafter set forth, and also desire to record this Amendment as a Memorandum of Lease.

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tenant and Landlord agree as follows:

1. Extension of Lease Term; No Extension Options. Landlord and Tenant acknowledge and agree that the existing term of the Lease expires on January 31, 2009. The term of the Lease is hereby extended to January 31, 2015. Section 3B of the Lease is hereby amended to provide that Tenant shall have only one (1) option to extend the term of the Lease (i.e., from January 31, 2015 to January 31, 2021) on the terms and subject to the conditions set forth in Section 3B (including the adjustment in rent described therein).
2. Minimum Monthly Rent. From February 1, 2009 through January 31, 2015, the Minimum Monthly Rent shall be Seventy-Five Thousand Nine Hundred Twenty-Two Dollars and 75/100 Dollars (\$75,922.75), which includes \$522.75 per month for the Storage Space, and Section 4.B of the Lease (Rent Adjustment) and Paragraph 2 of the First Amendment to Lease (Storage Rent Adjustment) shall have no application.
3. Winter Shopping Season Hours and Decoration. Tenant acknowledges that the Landlord has a significant interest in promoting retail sales in the City of Beverly Hills ("City") in order to maximize sales tax revenues and otherwise benefit both the City and the retail businesses in the City. During the winter shopping/holiday season ("Winter Shopping Season") established or identified by the Beverly Hills Chamber of Commerce (the "Chamber"), Tenant shall: (i) remain open during any extended hours recommended, established or identified for the Winter Shopping Season by the Chamber; and (ii) reasonably decorate the leased premises for the Winter Shopping Season at Tenant's cost.
4. Conflict. In the event of a conflict or inconsistency between the terms and conditions of the Lease and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail and control.
5. Continuing Effect. Except as specifically modified hereby, the Lease shall remain unaffected and unchanged, and all of the terms of the Lease shall apply to the extended Term. The Lease is hereby ratified and affirmed by Landlord and Tenant and remains in full force and effect as modified hereby.
6. Counterparts. This Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

LANDLORD:

CITY OF BEVERLY HILLS,
a California municipal corporation

ATTEST:

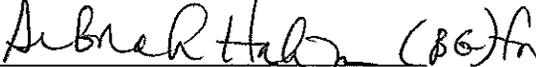
By: _____

BYRON POPE
City Clerk

BARRY BRUCKER
Mayor of the City of Beverly Hills

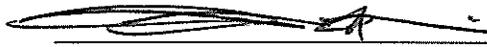
APPROVED AS TO FORM:

APPROVED AS TO CONTENT:



LAURENCE S. WIENER
City Attorney

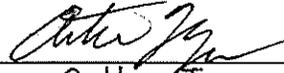
RODERICK J. WOOD
City Manager



SCOTT G. MILLER
CFO/Director of Administrative Services

TENANT:

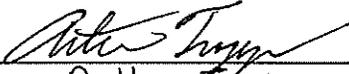
WILLIAMS-SONOMA STORES, INC.,
a California corporation

By: 

Print Name: Arthur Tropp
Title: Sr. Vice President, Real Estate

ASSIGNOR:

WILLIAMS-SONOMA, INC.,
a California corporation

By: 

Print Name: Arthur Tropp
Title: Sr. Vice President, Real Estate

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Francisco)

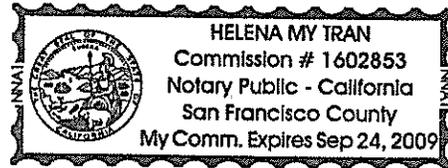
On Oct. 13, 2008 before me, Helena My Tran, Notary Public
personally appeared Arthur Tray, who
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are-
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Helena My Tran
Signature of Notary Public

(Seal)



STATE OF CALIFORNIA)
) ss.
COUNTY OF San Francisco)

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(Seal)

