



AGENDA REPORT

Meeting Date: June 21, 2011
Item Number: F-4
To: Honorable Mayor & City Council
From: Brenda A. Lavender, Real Estate & Property Manager
Subject: LEASE AND MEMORANDUM OF LEASE BY AND BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CONFERENCE AND VISITORS BUREAU
Attachments:
1. Lease
2. Memorandum of Lease

RECOMMENDATION

It is recommended that the City Council approve the Lease and Memorandum of Lease by and between the City of Beverly Hills and The Beverly Hills Conference & Visitors Bureau (CVB). A copy of the Lease and Memorandum of Lease is on file with the City Clerk. The CVB occupies a portion of the ground floor at 239 S. Beverly Drive.

INTRODUCTION

This lease is for City owned office space in the building formerly owned by the Chamber of Commerce. The CVB will continue to occupy space that it previously occupied as a tenant of the Chamber in the building. In December of 2010, the City purchased the building from the Chamber and this lease formalizes the CVB's occupancy of the building. The CVB along with the Chamber will continue to share the first floor of the building until the building at 9400 Santa Monica currently under construction, is read to occupy.

City Council previously approved building repairs to address base building issues on the first floor. The repairs include the cleaning and sanitization of the air conditioning duct, patch and painting of the restrooms walls, and repair of the floor in the women's restroom.

DISCUSSION

The terms of this deal are in line with the rental agreement that was in place between the Chamber and CVB prior to the City's purchase of the building.

Term: 18-24 months, which may be adjusted based on the progress of the 9400 S. Santa Monica Blvd. building construction.

Base Rent and Leased Area: The CVB will occupy the first floor in common with the Chamber. The leased area will include Shared Space (lobby, restrooms, kitchenette, and common file areas) and Private Space (private offices and dedicated work areas).

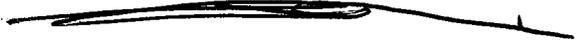
- Shared Space Rate: $\$2.50/\text{SF} \times 390 \text{ SF} = \975 monthly.
Total shared space is 780 SF; CVB will pay for 50% of the total cost of the shared space ($780 \text{ SF} / 2 = 390 \text{ SF} \times \$2.50/\text{SF} = \$975$)
- Private Space Rate: $\$3.00/\text{SF} \times 565 = \$1,695.00$ monthly

Total Base Rent is \$2,670.00 monthly

Utilities: The CVB would pay 28% of the utility costs including janitorial services, gas, electricity, water, and trash removal.

FISCAL IMPACT

The fiscal impact of this deal is additional revenue of \$2,670 monthly and \$32,040 annually, less the cost of the building repairs (17,647).



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

Council will be notified if lease
has not been signed by Tuesday.

Attachment 1

**LEASE BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS
CONFERENCE & VISITORS BUREAU FOR OFFICE SPACE AT 239 S. BEVERLY
DRIVE**

This LEASE BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CONFERENCE & VISITORS BUREAU FOR OFFICE SPACE AT 239 S. BEVERLY DRIVE (the "**Lease**") is dated as of December 22, 2010 and is entered into by and between the CITY OF BEVERLY HILLS, a municipal corporation ("**City**"), as City, and the BEVERLY HILLS CONFERENCE & VISITORS BUREAU, a California nonprofit mutual benefit corporation ("**Tenant**"), as tenant.

1. LEASE OF PREMISES.

1.1 Lease to Tenant. City hereby leases to Tenant, and Tenant hereby leases from City, space on the first floor of the building located at 239 South Beverly Drive, Beverly Hills, California ("**Building**") described as "VB" on Exhibit "A" hereto ("**Premises**"), on the terms and conditions herein. Tenant shall also have the use, in common with the Beverly Hills Chamber of Commerce and Civic Association, of the areas designated "SH" on Exhibit "B".

1.2 Parking. Tenant shall continue to use the parking spaces behind the building in common with the Beverly Hills Chamber of Commerce and Civic Association in accordance with the allocation and agreement(s) previously made between them.

1.3 Premises As-Is. City and Tenant acknowledge that Tenant is in possession of and is occupying the Premises. City makes no warranties or representations, express or implied, regarding the condition of the Premises, Tenant shall take possession of the Premises in its current "as is" condition and Tenant accepts rights hereunder with respect to other aspects of the Building and Project subject to the current "as-is" condition of the Building and Project.

2. COMMON AREAS AND PROJECT.

2.1 Definitions. As used herein, the term "**Common Areas**" shall mean all areas within the exterior boundaries of the parcel of land on which the Building is located that are now or later made available for the general use of all persons entitled to occupy the Building, including without limitation, all lobbies, common corridors and hallways, stairwells, restrooms, parking facilities and other open areas. The current configuration of the Common Areas is shown on Exhibit "B" hereto. The term "**Project**" shall mean the Building together with the parcel of land on which the Building is located. Tenant waives any and all claims for any and all other relocation assistance benefits, including without limitation compensation to which it may be entitled under state relocation assistance statutes and regulations, as a result of Tenant being required to move from the Premises and the Project upon the expiration of the Term.

2.2 Tenant Use. At all times during the Term, Tenant shall have the right to the nonexclusive use of the Common Areas.

2.3 City Use. City shall have the right to: (a) utilize from time to time any portion of the Common Areas for promotional, entertainment and related matters; (b) place permanent or temporary kiosks, displays, carts and stands in the Common Area and lease same

to tenants; (c) restrain the use of the Common Areas by unauthorized persons; (d) temporarily close any portion of the Common Areas for repairs, improvements or alterations, or to prevent dedication or an easement by prescription, or for any other reason deemed sufficient in City's reasonable judgment; (e) renovate, upgrade or change the shape and size of the Common Areas or add, eliminate or change the location of improvements to the Common Areas including, without limitation, parking areas, roadways and curb cuts; and (f) construct improvements on the Common Area.

3. **TERM.** The term of this Lease ("**Term**") shall commence on December 22, 2010 (the "**Commencement Date**") and shall expire on the earlier of (i) the date that is six (6) calendar months following the date on which City certifies to Tenant in writing that City is prepared to deliver possession to Tenant of Tenant's new premises at 9400 Santa Monica Boulevard; or (ii) the date that is six (6) calendar months after City delivery to Tenant a written notice of termination of this Lease (and Tenant hereby waives all relocation rights, payments and benefits in connection with any such termination).

4. **RENT.** Commencing on January 21, 2011, Tenant shall pay to City as monthly rent, without deduction, setoff, notice or demand, the following amounts through the end of the Term: (i) \$975 per month for the SH space; and (ii) \$1,695 per month for the Premises. (The rent for January, February, March, April and May, 2011 shall be paid by Tenant concurrently with Tenant's execution and delivery of this Lease.)

5. **USE.** Tenant shall use the Premises solely for office purposes. Tenant shall not use or permit the Premises to be used for any other purpose without the prior written consent of City, which City may withhold in its sole and absolute discretion.

6. **ALTERATIONS AND IMPROVEMENTS.** Tenant shall not make any changes, alterations or additions (collectively "**Alterations**") to the Premises without City's prior written approval, in City's sole and absolute discretion. City's approval process with respect to any request by Tenant to make any Alterations shall be in addition to any municipal code, regulatory and legal requirements.

7. **MAINTENANCE.**

7.1 Tenant shall maintain the Premises in condition and repair equivalent to the condition of the Premises on the Commencement Date, subject to ordinary wear and tear, at Tenant's sole cost and expense.

7.2 City shall maintain, in good condition and repair and in compliance with all Laws: (a) the structural portions of the Building, including the foundation, floor/ceiling slabs, roof, exterior walls and glass, columns, beams, shafts, stairs, stairwells and elevator cabs; (b) the Building mechanical, electrical, life safety, plumbing, sprinkler and heating, ventilating and air-conditioning systems; and (c) the Common Areas, and City shall provide all janitorial, gardening and maintenance services to the Common Areas, all at City's sole cost and expense.

8. **ASSIGNMENT AND SUBLETTING.** Tenant shall not either voluntarily, or by operation of Law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest herein, or any right or privilege appurtenant hereto, or allow any other person (the

employees, agents, servants and invitees of Tenant excepted) to occupy or use the Premises, or any portion thereof, without first obtaining the written consent of City, which consent may be withheld in the City's sole and absolute discretion. A consent to one assignment, subletting, occupation or use by any other person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Consent to any such assignment or subletting shall in no way relieve Tenant of any liability under this Lease, whether or not the term of the Lease is extended by the assignee or sublessee. Any such assignment or subletting without such consent shall be void, and shall, at the option of the City, constitute a default under this Lease.

9. **INDEMNIFICATION OF CITY.** Tenant shall indemnify and hold harmless City, the City Council and each member thereof, and City's officers, employees and agents (all collectively referred to as "**City Indemnitee**") against and from any and all claims, losses, damages, liabilities, costs and expenses (including attorneys' fees and costs) (collectively "**Claims**") to the extent arising from Tenant's use of the Premises, or from the conduct of its business or any activity, work or other things done or suffered by Tenant in or about the Premises, excluding, however, acts and omissions by any City Indemnitee or any of City's contractors, other tenants, guests or invitees. If any action or proceeding is brought against any City Indemnitee by reason of any Claim, Tenant, upon notice from any City Indemnitee, shall defend such City Indemnitee at Tenant's expense, by counsel reasonably satisfactory to City. Tenant shall give prompt notice to City in case of casualty or any accident on the Premises.

10. **INSURANCE.**

10.1 **Tenant's Insurance.** Tenant shall, at all times during the Term, at its own cost and expense, procure and continue in force the following insurance coverage: (a) Commercial General Liability Insurance with a combined single limit for bodily injury and property damage of not less than Two Million Dollars (\$2,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the annual aggregate, including contractual coverage covering the insuring and indemnification provisions of this Lease; (b) a policy of standard fire, extended coverage and special extended coverage insurance (all risks), including a vandalism and malicious mischief endorsement, in an amount equal to the full replacement value of all trade fixtures, furniture, equipment and other personal property installed by or at the expense of Tenant; and (c) Worker's Compensation coverage as required by Law.

10.2 **City's Insurance.** City shall, at its own cost and expense, procure and maintain at all times during the Term the following insurance coverage: (a) Commercial General Liability Insurance with a combined single limit for bodily injury and property damages of not less than Two Million Dollars (\$2,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the annual aggregate, including contractual coverage covering the insuring and indemnification provisions of this Lease; and (b) fire and extended coverage insurance and comprehensive liability insurance for the benefit of City and Tenant covering the Project in such types and amounts as are typically maintained from time to time by City for office buildings owned by City. The City may elect to self-insure to meet all insurance requirements.

10.3 **Form of Policies.** The Commercial General Liability Insurance policy of Tenant shall name City, and the Commercial General Liability Insurance policy of City shall

name Tenant, as additional insureds with an appropriate endorsement to each policy, which endorsement also shall provide that any cancellation or modification of such policy shall require thirty (30) days notice to the additional insured. All such insurance policies shall be with companies having a rating of not less than A-VIII in Best's Insurance Guide. Each of Tenant and City shall furnish to the other, from the insurance companies, or cause the insurance companies to furnish, certificates of the required coverage. All such policies shall be endorsed to provide that the policy is primary and that any insurance carried by the other party is excess and not contributing with any insurance requirement hereunder. Each of Tenant and City shall, at least twenty (20) days prior to the expiration of such policies, furnish the other with renewals or binders. Each of Tenant and City agrees that if the other does not take out and maintain such insurance or furnish the other with renewals or binders in a timely manner, the other may (but shall not be required to) procure said insurance on the other's behalf and charge the other the cost thereof, which amount shall be payable by the other upon demand with interest at the rate of ten percent (10%) from the date such sums are extended.

10.4 Waiver of Subrogation. City and Tenant each agree to require their respective insurers issuing the insurance described in this Section 11 to waive any rights of subrogation that such companies may have against the other party. Tenant hereby waives any right that Tenant may have against City and City hereby waives any right that City may have against Tenant as a result of any loss or damage to the extent such loss or damage is insurable under such policies.

11. UTILITIES; BUILDING SERVICES

11.1 Utilities; Utility Charges. City shall provide utilities of electricity, gas and water to the Project ("**Utilities**"). City also shall provide HVAC services to the Building and Project, but City shall have no obligation to furnish any security guards or Building attendants. City shall pay the costs of all Utilities and HVAC services. For all Utilities, Tenant shall pay to City from time to time the Tenant's fair share (as determined by City in good faith and reasonably approved by Tenant) of the invoices City receives from the Utilities providers for Utilities provided to the Project, no later than fifteen (15) Business Days following City's delivery to Tenant of a copy of any such invoice(s) and City's calculation of such fair share.

Additionally, Tenant shall pay to Landlord on a monthly basis as additional rent, without offset, deductions or demand, concurrently with monthly rent under Section 4.1: (i) \$138.60 for janitorial services; (ii) \$12.60 for pest control services; and (iii) \$29.40 for trash services. (The foregoing sums are estimated to be 28% of the costs of such services provided to the first floor of the Building.)

11.2 Hours. Tenant shall have access to the Premises, and City shall cause all utilities except HVAC to be provided to the Premises, twenty four (24) hours a day, seven (7) days a week, subject to events beyond City's control, emergencies and necessary repairs. City shall cause HVAC services to be provided to the Premises between the hours of 7 a.m. and 7 p.m. on all Business Days; however, Tenant shall have the right to request, on no less than forty eight hours telephonic notification, that City cause HVAC services to be provided on Saturday (but not on Sunday or on holidays) and upon receipt of such request, City shall provide HVAC services on the requested Saturday between the hours 9 a.m. and 1 p.m. at no extra charge to

Tenant. Tenant shall pay to City, as additional rent, within ten (10) days after written demand from time to time, the City's actual cost for providing HVAC service provided at Tenant's request during hours other than 7 a.m. to 7 p.m. on Business Days and 9 a.m. to 1 p.m. on Saturdays. As used in this Lease "**Business Day**" is any Monday through Friday that City offices are open to the public and weekends and holidays are any days that the City's offices are not so open; however, any mandatory furlough day for City employees is a Business Day even if City offices are not open to the public on such days.

11.3 No City Liability. Notwithstanding City's obligation to provide Utilities, HVAC and other services to the Premises pursuant to this Lease, City shall not be liable in damages or otherwise for any failure or interruption of any such Utilities or services unless such failure or interruption is caused by the gross negligence of City or its employees or agents, and no such failure or interruption shall entitle Tenant to terminate this Lease, or to an abatement of or offset against any sums payable to City under this Lease. In the event of any such failure or interruption in Utilities or services, City shall promptly upon telephonic or other notice from Chamber, at City's cost and expense, take all actions commercially reasonable to restore such Utility or service as soon as commercially reasonable.

12. **SIGNS AND DECORATIONS**. Tenant shall have the right to maintain: (a) all signs, lettering, placards and the like relating to Tenant; (b) all lighting and plumbing fixtures; and (c) all shades, awnings and decorations, in each case that, as of the date of this Lease, are located on the Project or on the exterior of the Building or the Premises, but shall not, without City's prior written approval, install or affix any more of such items. At no time shall Tenant cause or permit to be used any advertising, loudspeakers, or unusually bright or flashing lights which may be seen or heard outside the Premises.

13. **COMPLIANCE WITH LAWS**. Tenant, at its expense, shall comply promptly with all applicable Laws pertaining to the Premises or Tenant's use or occupancy of the Premises or improvement of the Premises (including Laws pertaining to non-structural improvements required by Law, the location and maintenance of trade fixtures, equipment and other personal property; the conduct of Tenant's employees; preparation, storage, and service of food and drink, but excluding new Laws or changes in Laws that require improvements to the structural components of the Premises).

14. **RIGHT OF ACCESS**. The City and City's officers, employees, and agents shall at all reasonable times, upon no less than forty eight (48) hours written notice to Tenant, have the right to enter the Premises for the purpose of inspecting the same, posting notices of non-responsibility or any other notices required by Law for the protection of the City, doing any work that City is permitted or required to perform under this Lease, and making any reasonable repairs which the City determines may be required. Tenant shall furnish City with a pass key to the Premises which the City shall use only in case of emergency to prevent or investigate a crime, or in such cases where access is necessary to prevent damage to the Building or to the Premises or to make repairs necessary to ensure continuous operation of the Building. City shall have the right to enter the Premises and post "For Lease" or "For Rent" signs in any windows of the Premises after delivery of any notice of termination. In conducting its activities on the Premises as allowed in this section City shall use good faith efforts to attempt to minimize the inconvenience, annoyance, or disturbance to Tenant.

15. TAXES. Tenant shall pay or cause to be paid, before delinquency, any and all taxes levied and assessed which become payable, or which become a lien upon the Premises or the Property, during the term hereof, upon or against: (a) improvements made by Tenant; (b) any equipment, furniture, fixtures and other personal property located in or on the Premises; and (c) Tenant's interest in the Property or Premises arising as a result of this Lease, including without limitation, the possessory interest evidenced by this Lease (i.e., possessory interest taxes).

16. RULES AND REGULATIONS. Tenant shall comply with all non-discriminatory rules and regulations and amendments thereto for the Building provided by City to Tenant from time to time. City shall not be responsible to Tenant for the nonperformance of any rules and regulations by any other lessees or occupants of the Building.

17. TENANT'S DEFAULT.

17.1 Event of Default. Any of the following events shall constitute an "Event of Default" by Tenant under this Lease:

17.1.1 Tenant fails to make any payment of money called for by any provision of this Lease (whether to City or any third party) when due, where such failure continues for a period of five (5) Business Days following written notice from City to Tenant; or

17.1.2 Tenant fails to perform fully and when due any of its other covenants, conditions or obligations under this Lease and within thirty (30) days following receipt of written notice from City specifying the nature of such failure of Tenant, Tenant: (a) does not commence taking all necessary and appropriate actions to remedy such failure; or (b) does not thereafter diligently and continuously pursue all such remedial actions until such failure is remedied; or

17.1.3 Tenant dissolves; or

17.1.4 Tenant makes a general assignment for the benefit of creditors or a voluntary or involuntary petition is filed by or against Tenant under any law for the purpose of adjudicating Tenant a bankrupt, or for extending time for payment, adjustment or satisfaction of Tenant's liabilities, or for reorganization, dissolution or arrangement on account of or to prevent bankruptcy or insolvency, unless such assignment or proceeding, and all consequent orders, adjudications, custodies and supervisions are dismissed, vacated or otherwise permanently stayed or terminated within sixty (60) days after such assignment, filing or other initial event.

17.2 City Remedies Upon Tenant Default. Upon the occurrence of any Event of Default by Tenant, and without giving any additional notice not otherwise required hereunder or by law, City may exercise the following rights and remedies in addition to all other rights and remedies provided by law or equity, either cumulatively or in the alternative:

17.2.1 Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to City. In such event City shall be entitled to recover from Tenant: (i) the worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid rent

which would have been earned after termination until the time of award exceeds the amount of such rental that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus (iv) any other amount necessary to compensate City for all actual damages caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of timings would be likely to result therefrom. If any notice required under Section 17.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Tenant under the unlawful detainer statute shall also be deemed to constitute the notice required by Section 17.1. In such case, any applicable grace period required by Section 17.1 and the unlawful detainer statute shall run concurrently, and the failure of Tenant to cure the Event of Default within the greater of the two such grace periods shall constitute both an unlawful detainer and an Event of Default entitling City to the remedies provided for in this Lease and/or by said statute. **TENANT HEREBY EXPRESSLY WAIVES ANY DEFENSE TO AN UNLAWFUL DETAINER ACTION BASED ON "HARDSHIP" AND ANY SIMILAR DEFENSE.**

17.2.2 Maintain this Lease and Tenant's right to possession of the Premises in effect and continue to enforce all of City's rights and remedies hereunder, including the remedy described in California Civil Code Section 1951.4 (granting a City the right to continue a lease in effect after a tenant's breach and abandonment and to recover all rent as it becomes due if the tenant has the right to sublet or assign, subject only to reasonable limitations) provided that upon City's election of such remedy, City may not unreasonably withhold its consent to any assignment or subletting. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiative of City to protect City's interest under this Lease shall not constitute a termination of this Lease or Tenant's right to possession unless written notice of termination is given by City to Tenant.

17.2.3 Pursue any other remedy now or hereafter available under the laws or judicial decisions of the State of California. The expiration or termination of this Lease and/or the termination of Tenant's right to possession shall not relieve Tenant from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the Term or by reason of Tenant's occupancy of the Premises.

17.2.4 If Tenant fails to perform any affirmative duty or obligation under this Lease within five (5) business days after written notice (or in case of an emergency, without notice), the City may, at its option, perform such duty or obligation on Tenant's behalf. The costs and expenses of any such performance by City shall be due and payable by Tenant within ten (10) days after City's written demand therefore.

17.2.5 If any check given to City by Tenant shall not be honored by the bank upon which it is drawn, City, at its option, may require that all future payments by Tenant to City be made by bank cashier's check.

17.2.6 The remedies given to City in this Section shall not be exclusive but shall be cumulative with and in addition to all remedies now or hereafter allowed by law and elsewhere provided in this Lease.

18. **DEFAULT BY CITY.** City shall not be in default unless City fails to perform obligations required of City within thirty (30) days after written notice by Tenant to City specifying wherein City has failed to perform such obligation; provided, however, that if the nature of City's obligation is such that more than thirty (30) days are required for performance then City shall not be in default if City commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

19. **WAIVER.** The waiver by City of any breach of Tenant of any of the provisions of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach by Tenant either of the same or a different provision of this Lease. The subsequent acceptance of rent pursuant to this Lease shall not constitute a waiver of any preceding default by Tenant other than default in the payment of the particular rental payment so accepted, regardless of City's knowledge of the preceding breach at the time of accepting the rent, nor shall acceptance of rent or any other payment after termination constitute a reinstatement, extension or renewal of the Term or revocation of any notice or other act by City. No waiver, benefit, privilege or service voluntarily given or performed by either party shall give the other any contractual right by custom, estoppel or otherwise.

20. **DAMAGE; RECONSTRUCTION.** Within sixty (60) days after the date City learns of the necessity for any repairs to the Premises, the Building or the Project as a result of damage, City shall notify Tenant of City's estimated assessment of the period of time in which the repairs will be completed ("**Damage Repair Estimate**"). If any part of the Project is damaged by fire or other insured casualty and the Damage Repair Estimate indicates that repairs can be completed within one hundred eighty (180) days, City shall repair the damage, except Tenant shall be responsible for any damage to Tenant's trade fixtures, furniture, equipment and other personal property required to be covered by Tenant's insurance pursuant to Section 10.1(b). Until City's repairs are completed; rent shall be abated in proportion to the part of the Premises which is unusable by Tenant in the conduct of its business unless Tenant or its contractors or agents shall have caused the damage. If the Damage Repair Estimate indicates that repairs cannot be completed within one hundred eighty (180) days, City may, at its option, either: (i) make such repairs in a reasonable time and in such event this Lease shall continue in effect, rent shall be abated and payments shall be made to Tenant in the manner provided in the preceding sentence; or (ii) elect not to effect such repairs and instead terminate this Lease, by notifying Tenant in writing of such termination within sixty (60) days after City learns of the necessity for repairs as a result of damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises. If City does not elect to terminate this Lease pursuant to City's termination right as provided above, and the Damage Repair Estimate indicates that repairs cannot be completed within one hundred eighty (180) days, Tenant may elect, not later than thirty (30) days after Tenant's receipt of the Damage Repair Estimate, to terminate this Lease by written notice to City effective as of the date specified in Tenant's notice. A total destruction of the Project shall automatically terminate this Lease. Except as expressly provided in this Section, there shall be no abatement of rent and no liability of City by reason of any injury to or interference with Tenant's business or property arising from any damage or destruction, or the making of any repairs, alterations or improvements to repair such damage, in or to any portion of the Project, the Building or the Premises or in or to fixtures, appurtenances and equipment therein. Tenant understands that City will not carry insurance of any kind on Tenant's trade fixtures, furniture, equipment and other personal property required to be covered

by Tenant's insurance pursuant to Section 10.1(b), and that City shall not be obligated to repair any damage thereto or replace the same. Tenant acknowledges that, except as expressly provided in this Section, Tenant shall have no right to any proceeds of insurance carried by City relating to property damage. With respect to any damage which City is obligated to repair or elects to repair, Tenant, as a material inducement to City entering into this Lease, irrevocably waives and releases its rights under the provisions of Sections 1932 and 1933 of the California Civil Code.

21. EMINENT DOMAIN. If the whole of the Premises or the Project or so much thereof as to render the balance unusable by Tenant shall be taken under power of eminent domain by any governmental authority other than City, or is sold, transferred or conveyed in lieu thereof, this Lease shall automatically terminate as of the date of such condemnation, or as of the date possession is taken by the condemning authority, at City's option. In the event of such termination, City shall have the right to all condemnation awards and damages; provided, however, that nothing contained herein shall be deemed to give City any interest in or any right to require Tenant to assign to Landlord any award made to Tenant for the taking of personal property and trade fixtures belonging to Tenant and removable by Tenant at the expiration of the Term hereof as provided hereunder or for the interruption of, or damage to, Tenant's business. In the event of a partial taking described in this Section, or a sale, transfer or conveyance in lieu thereof, which does not result in a termination of this Lease, the rent shall be apportioned according to the ratio that the part of the Premises remaining useable by Tenant bears to the total area of the Premises. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of the California Code of Civil Procedure.

22. PAYMENTS AND NOTICES. All payments hereunder shall be paid by Tenant to the Office of the Cashier of the City at 455 North Rexford Drive, Beverly Hills, California 90210 or at such other address or to such other persons as the City may from time to time designate in writing, and all notices delivered (separately) to the City Clerk of City and to the Chief Financial Officer and Real Estate & Property Manager of City at 455 North Rexford Drive, Beverly Hills, California 90210, or at such other addresses or to such other persons as the City may from time to time designate in writing. All notices given by City to Tenant hereunder shall be in writing and delivered to Tenant at the Premises.

23. SUCCESSORS. Each and every one of the terms, covenants, and conditions of this Lease shall inure to the benefit of and shall bind, as the case may be, not only the parties hereto but each and everyone of their successors, assigns, and legal representatives; provided, however, that any subletting or assignment by Tenant of the whole or any part of the Premises or any interest therein shall be subject to the provisions of Section 8 of this Lease.

24. HOLDING OVER. If Tenant, with City's prior written consent, remains in possession of the Premises after expiration or termination of the term, or after the date in any notice given by City to Tenant terminating this Lease, such possession by Tenant shall be deemed to be tenancy at will (or as otherwise expressly agreed by City in its written consent), terminable upon notice given at any time by either Party, at a monthly rental equal to the greater of the rent previously in effect or fair rental value of the Premises, as determined by City in its good faith discretion. All provisions of this Lease except those pertaining to rent and term shall apply to the tenancy.

25. **NOTICE PRIOR TO EXPIRATION; SURRENDER.** At the expiration or termination of the Term, Tenant shall surrender the Premises to the City in the same condition as received, reasonable wear and tear excepted, with all of Tenant's machinery, equipment and other trade fixtures having been removed. Tenant shall repair all damage to the Premises and Building caused by such removal.

26. **GENERAL PROVISIONS.**

26.1 **Time.** Time is of the essence of this Lease and each and all of its provisions.

26.2 **Prior Agreements.** This Lease contain all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding other than this Lease pertaining to any such matters shall be effective for any purpose.

26.3 **Inability to Perform.** This Lease and the obligations of Tenant hereunder shall not be affected or impaired because City is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of nature, or any cause, other than financial inability, beyond the reasonable control of City.

26.4 **Partial Invalidity.** Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

26.5 **Amendments In Writing.** No provision of this Lease may be amended or supplemented except by an agreement in writing signed by City and Tenant or their successors in interest.

26.6 **Attorneys' Fees.** In any action to enforce the terms of this Lease, including any suit by City for the recovery of rent or possession of the Premises, the losing party shall pay the successful party a reasonable sum for attorneys' fees and costs incurred by such party in such suit and such attorneys' fees and costs shall be deemed to have accrued prior to the commencement of such action and shall be paid whether or not such action is prosecuted to judgment.

26.7 **Quiet Possession.** Upon Tenant's paying Rent and other sums provided herein and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire Term hereof, subject to all of the provisions of this Lease.

26.8 **City's Approvals.** Except as expressly provided to the contrary herein, neither City's execution of this Lease nor any consent or approval given by City hereunder in its capacity as City shall waive, abridge, impair or otherwise affect City's powers and duties as a governmental body. Any requirements under this Lease that Tenant obtain consents or approvals of City are in addition to and not in lieu of any requirements of law that Tenant obtain approvals or permits.

26.9 Brokers. Each of City and Tenant represents and warrants to the other that it has not had any dealings with realtors, brokers or agents in connection with the negotiation of this Lease.

26.10 Recordable Memorandum of Lease. Concurrently with Tenant's execution of this Lease, Tenant shall execute and acknowledge a short form memorandum of this Lease for recording purposes in the form attached hereto as Exhibit "D" and shall deliver it to the escrow for the sale of the Project by Tenant to City. Upon the expiration or earlier termination of this Lease for any reason, Tenant shall within five (5) business days following written request by City, deliver to City an executed, acknowledged and recordable quitclaim deed conveying to City any and all interest Tenant may have under this Lease.

26.11 Counterparts. This Lease 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.

26.12 Interest; Late Charges. If any payment to be made by one party to the other is not paid when due, it shall bear interest at the lesser of: (i) ten percent (10%) per annum, or (ii) the highest rate permitted by law. If any payment to be made by one party to the other is not paid within ten (10) business days after written notice that it is past due, the party that failed to make the payment shall pay to the other party four percent (4%) of the amount due (excluding interest) as a late charge. Each party acknowledges, stipulates and agrees that such late payment of any sums due will cause the other party to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to determine. Such costs include, without limitation, processing and accounting charges, and cash-flow/budgeting costs, as well as other material adverse effects and damages. Therefore, the parties have agreed upon the late charge described above as liquidated damages for such costs, effects and damages.

26.13 Limitation of Landlord's Liability. City's liabilities under this Lease shall be limited to City's interest in the Building.

Executed as of the date first written above.

CITY:

CITY OF BEVERLY HILLS,
a municipal corporation

By: _____
BARRY BRUCKER
Mayor of the City of Beverly Hills

ATTEST:

BYRON POPE,
City Clerk

(SEAL)

TENANT:

BEVERLY HILLS CONFERENCE &
VISITORS BUREAU

By: _____
Print Name: _____
Title: _____

Approved as to content:

JEFFREY KOLIN,
City Manager

SCOTT MILLER,
Director of Administrative Services/CFO

Approved as to form:

LAURENCE S. WIENER,
City Attorney

EXHIBIT "A"

DESCRIPTION AND DEPICTION OF PREMISES

[To be provided.]

EXHIBIT "B"

DEPICTION OF COMMON AREAS

[To be provided.]

EXHIBIT "C"

FORM OF MEMORANDUM OF LEASE

[Attached.]

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 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 11922.

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "**Memorandum**") is dated as of December 22, 2010, and is entered into by and between the CITY OF BEVERLY HILLS, a municipal corporation ("City"), and the BEVERLY HILLS CONFERENCE & VISITORS BUREAU, a California nonprofit mutual benefit corporation ("Tenant").

RECITALS

A. Tenant and City have entered into that certain "Lease between the City of Beverly Hills and the Beverly Hills Conference & Visitors Bureau for Office Space at 239 S. Beverly Drive" of substantially even date herewith (the "**Lease**"), pursuant to which City has agreed to lease and demise to Tenant, and Tenant has agreed to lease and accept from City, a portion (the "**Premises**") of that certain building ("**Building**") located on real property in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as 239 South Beverly Drive, Beverly Hills, California, more particularly described in Exhibit A attached hereto. The Premises are more particularly described in the Lease.

B. Tenant and City now desire to enter into and record this Memorandum as required under applicable California law.

AGREEMENT

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

1. Lease. City hereby leases and demises the Premises to Tenant, and Tenant hereby leases and accepts the Premises from City, on the terms and conditions in the Lease for a term commencing on December 22, 2010 and continuing until the date that is six (6) calendar months following the date that City notifies Tenant in writing that City is prepared to deliver possession of the Tenant's new premises at 9400 Santa Monica Boulevard to Tenant, subject to earlier

termination as provided in the Lease, and upon the rental rate and the other terms and conditions set forth in the Lease, all of which are incorporated herein by this reference.

2. Purpose. This Memorandum is prepared for the purposes of recordation only and in no way modifies the terms and conditions of the Lease. In the event any provision of this Memorandum is inconsistent with any term or condition of the Lease, the term or condition of the Lease shall prevail.

3. Counterparts. This Memorandum 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.

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

CITY:

THE CITY OF BEVERLY HILLS

By: _____
Barry Brucker,
Mayor

TENANT:

BEVERLY HILLS CONFERENCE &
VISITORS BUREAU,
a California nonprofit mutual benefit corporation

By: _____
Print Name: _____
Title: _____

ATTEST:

_____ (SEAL)

By: _____
Byron Pope
City Clerk

ACKNOWLEDGMENT

State of California)
County of _____)
)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,

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 _____ (Seal)
Signature of Notary Public

ACKNOWLEDGMENT

State of California)
County of _____)
)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,

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 _____ (Seal)
Signature of Notary Public

ACKNOWLEDGMENT

State of California)
County of _____)
)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,

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 _____ (Seal)
Signature of Notary Public

EXHIBIT A TO MEMORANDUM OF LEASE

LEGAL DESCRIPTION

Lot 13, of Tract No. 7710, in the City of Beverly Hills, County of Los Angeles, State of California, as per map recorded in Book 83, Page(s) 94 and 95 of Maps, in the Office of the County Recorder of said County.

Attachment 2

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 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 11922.

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "**Memorandum**") is dated as of December 22, 2010, and is entered into by and between the CITY OF BEVERLY HILLS, a municipal corporation ("City"), and the BEVERLY HILLS CONFERENCE & VISITORS BUREAU, a California nonprofit mutual benefit corporation ("Tenant").

RECITALS

A. Tenant and City have entered into that certain "Lease between the City of Beverly Hills and the Beverly Hills Conference & Visitors Bureau for Office Space at 239 S. Beverly Drive" of substantially even date herewith (the "**Lease**"), pursuant to which City has agreed to lease and demise to Tenant, and Tenant has agreed to lease and accept from City, a portion (the "**Premises**") of that certain building ("**Building**") located on real property in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as 239 South Beverly Drive, Beverly Hills, California, more particularly described in Exhibit A attached hereto. The Premises are more particularly described in the Lease.

B. Tenant and City now desire to enter into and record this Memorandum as required under applicable California law.

AGREEMENT

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

1. Lease. City hereby leases and demises the Premises to Tenant, and Tenant hereby leases and accepts the Premises from City, on the terms and conditions in the Lease for a term commencing on December 22, 2010 and continuing until the date that is six (6) calendar months following the date that City notifies Tenant in writing that City is prepared to deliver possession of the Tenant's new premises at 9400 Santa Monica Boulevard to Tenant, subject to earlier

termination as provided in the Lease, and upon the rental rate and the other terms and conditions set forth in the Lease, all of which are incorporated herein by this reference.

2. Purpose. This Memorandum is prepared for the purposes of recordation only and in no way modifies the terms and conditions of the Lease. In the event any provision of this Memorandum is inconsistent with any term or condition of the Lease, the term or condition of the Lease shall prevail.

3. Counterparts. This Memorandum 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.

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

CITY:

THE CITY OF BEVERLY HILLS

By: _____
Barry Brucker,
Mayor

ATTEST:

_____ (SEAL)

By: _____
Byron Pope
City Clerk

TENANT:

BEVERLY HILLS CONFERENCE &
VISITORS BUREAU,
a California nonprofit mutual benefit corporation

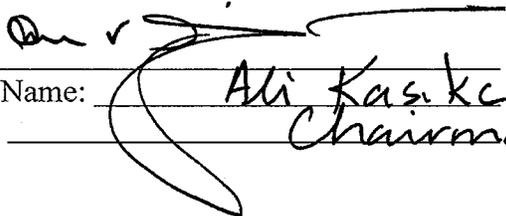
By: 
Print Name: Ali Kasakci
Title: Chairman

EXHIBIT A TO MEMORANDUM OF LEASE

LEGAL DESCRIPTION

Lot 13, of Tract No. 7710, in the City of Beverly Hills, County of Los Angeles, State of California, as per map recorded in Book 83, Page(s) 94 and 95 of Maps, in the Office of the County Recorder of said County.

ACKNOWLEDGMENT

State of California)
County of Los Angeles)

On 05/19/2011 before me, Mehran Khorramian, Notary Public
(insert name and title of the officer)

personally appeared ALI KASKCI

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 [Handwritten Signature]
Signature of Notary Public



ACKNOWLEDGMENT

State of California)
County of _____)
)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,

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 _____ (Seal)
Signature of Notary Public

ACKNOWLEDGMENT

State of California)
County of _____)
)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,

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 _____ (Seal)
Signature of Notary Public