



## AGENDA REPORT

**Meeting Date:** December 6, 2011  
**Item Number:** F-2  
**To:** Honorable Parking Authority  
**From:** Brenda A. Lavender, Real Estate & Property Manager  
**Subject:** SECOND AMENDMENT TO LEASE BY AND BETWEEN THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS AND 323 NO. CRESCENT DRIVE INC DBA BAILEY'S BAKERY  
**Attachments:** 1. Second Amendment to Lease

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### RECOMMENDATION

It is recommended that the Parking Authority of the City of Beverly Hills approve the Second Amendment To Lease by and between The Parking Authority of the City of Beverly Hills and 323 No. Crescent Drive, Inc dba Bailey's Bakery. A copy of the lease is on file with the City Clerk. Bailey's Bakery is currently located at 327 North Crescent Drive and this amendment would expand their leased premises to include the city owned space at 325 North Crescent.

### INTRODUCTION

A Second Amendment to Lease with Bailey's Bakery has been prepared for City Council approval. The amendment expands the premises to include the former shoe repair location at 325 N. Crescent Drive and extends the term of current bakery location so the lease for both locations will expire ten (10) years after the commencement of the expansion space lease. The base rent for the expansion premises is \$3.00 per square foot; the rent for the original premises will not change as a result of the expansion, but will continue to be adjusted in compliance with the original lease terms.

### DISCUSSION

Bailey's Bakery has been a long term tenant with the City of Beverly Hills. They were originally located at 327 N. Crescent Drive in the parking structure and were relocated in 1982/1983 when the current project was developed and to make room for the US Post Office. Bailey's has been a tenant at 323 N. Crescent Drive since the relocation and with the expansion of their current premises into the 325 N. Crescent Drive space they

will add 458 square to the bakery. Bailey's is planning to expand their cake offerings to include wedding and special occasion cakes in their expanded premises.

Bailey's will be responsible for the improvement of the 325 N. Crescent space, however the City will replace the air conditioning unit at 325 N. Crescent Drive.

**FISCAL IMPACT**

The fiscal impact of this lease amendment is monthly revenue of \$1,374 and \$16,488.00 annually. The City will install a new air conditioning unit in the space (\$15,000) and Bailey's will be responsible for their tenant improvement costs.

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

  
Brenda A. Lavender,  
Real Estate & Property Manager  
Approved By

# **Attachment 1**

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL  
TO:

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

SPACE ABOVE THIS LINE FOR RECORDER'S USE

The undersigned declare that this Second 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).

### SECOND AMENDMENT OF LEASE

THIS SECOND AMENDMENT OF LEASE (this "**Second Amendment**") is made as of December 6, 2011, by and between the PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS ("**Landlord**"), and 323 NO. CRESCENT DRIVE, INC., a California corporation (dba "Bailey's Bakery") ("**Tenant**").

### RECITALS

A. Tenant and the City of Beverly Hills ("City") entered into that certain "City of Beverly Hills Lease – Site "A" North 333 North Crescent Drive" dated as of February 24, 1998, which was amended by a Memorandum of Lease and Amendment of Lease dated October 7, 2008 (the "**Lease**"), for initial premises that were relocated to space (the "**Premises**") in the parking structure on that certain land located in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as 327 N. Crescent Drive, Beverly Hills, CA 90210 depicted on Exhibit "A" to the Lease.

B. The Memorandum of the Lease and Amendment of Lease dated October 7, 2008 was recorded on February 4, 2009 as Document No. 20090155193 in the Official Records of Los Angeles County, California.

C. The City has conveyed the Premises to Landlord.

D. Capitalized terms used but not defined herein shall have the meaning set forth in the Lease.

E. Tenant and Landlord desire to further amend the Lease as hereinafter set forth.

### 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 Landlord agree as follows:

1. Extension of Lease Term. The term of the Lease is hereby extended from August 31, 2018 to the date that is ten (10) calendar years after the date that is ninety (90) days after Landlord delivers the Expansion Premises (hereinafter defined) to Tenant, which Landlord shall do by giving written notice to Tenant (the "Expansion Premises Delivery Date").

2. Expansion Premises. As used herein, the term "Expansion Premises" shall mean the space at 325 N. Crescent Drive that is outlined on Exhibit "A" attached hereto. Prior to the Expansion Space Delivery Date, Landlord shall, at Landlord's cost, replace the existing HVAC unit serving the Expansion Space; however, Tenant shall otherwise accept the Expansion Space in its current "AS-IS" condition, without representation or warranty, express or implied. As used herein, the term "Expansion Premises Lease Commencement Date" shall mean the date that is ninety (90) days after the Expansion Premises Delivery Date; notwithstanding the foregoing, upon the Expansion Premises Delivery Date, the Expansion Premises shall become part of the Premises and shall be subject to the terms of the Lease.

3. Monthly Rent. Commencing on the date that is four (4) calendar months after the Expansion Premises Lease Commencement Date, the monthly rent for the Premises (which will then include the Expansion Space) shall increase from \$3,320.90 to \$4,694.90. On March 1, 2013, September 1, 2015 and March 1, 2018, the monthly rent previously in effect shall be increased by the percentage increase in the Index over the preceding thirty (30) month period; in no event shall monthly rent decrease.

4. Maintenance and Removal of Tenant Signs. Tenant shall maintain all exterior signs in first class condition and repair. Upon the expiration or any earlier termination of the Lease, Tenant shall, at Tenant's cost and expense, promptly remove all of its signs installed pursuant to Section 17 of the Lease (or otherwise) and shall repair any damage caused by such removal and shall restore the areas affected by the installation of signs to their condition prior to installation of the signs.

5. Reduction in Security Deposit. Upon the execution of this Second Amendment by Landlord and Tenant, the Security Deposit shall be reduced from \$20,876 (which is in an FBO savings account) to \$14,084.70, and Landlord shall promptly approve the required paperwork to allow for the reduction (i.e., \$6,791.30) in Tenant's account.

6. Conflict. In the event of a conflict or inconsistency between the terms and conditions of the Lease and the terms and conditions of this Second Amendment, the terms and conditions of this Second Amendment shall prevail and control.

7. Continuing Effect. Except as specifically modified hereby, the Lease shall remain unaffected and unchanged. The Lease is hereby ratified and affirmed by Landlord and Tenant and remains in full force and effect as modified hereby.

8. Counterparts. This Second 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.

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

**LANDLORD:**

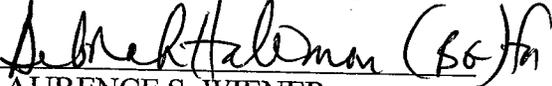
ATTEST:

\_\_\_\_\_  
BYRON POPE  
Secretary

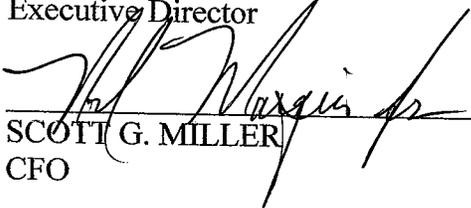
PARKING AUTHORITY OF THE CITY OF  
BEVERLY HILLS,

By: \_\_\_\_\_  
BARRY BRUCKER  
Chairperson

APPROVED AS TO FORM:

  
\_\_\_\_\_  
LAURENCE S. WIENER  
General Counsel

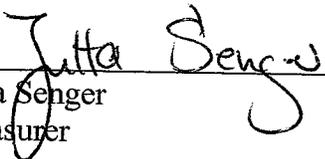
APPROVED AS TO CONTENT:

\_\_\_\_\_  
JEFFREY KOLIN  
Executive Director  
  
\_\_\_\_\_  
SCOTT G. MILLER  
CFO

**TENANT:**

323 NO. CRESCENT DRIVE, INC.,  
a California corporation

By: \_\_\_\_\_  
  
Herbert Senger  
President

By: \_\_\_\_\_  
  
Jutta Senger  
Treasurer

State of California )  
County of Los Angeles )

On 11-16-2011, before me, Mikhail Kogan, Notary Public  
(insert name and title of the officer)

Notary Public, personally appeared Herbert Senger,  
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 Mikhail Kogan



(Seal)

State of California )  
County of Los Angeles )

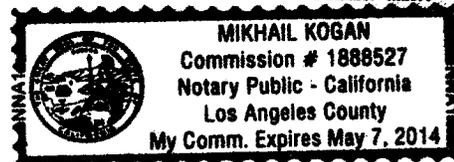
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(insert name and title of the officer)

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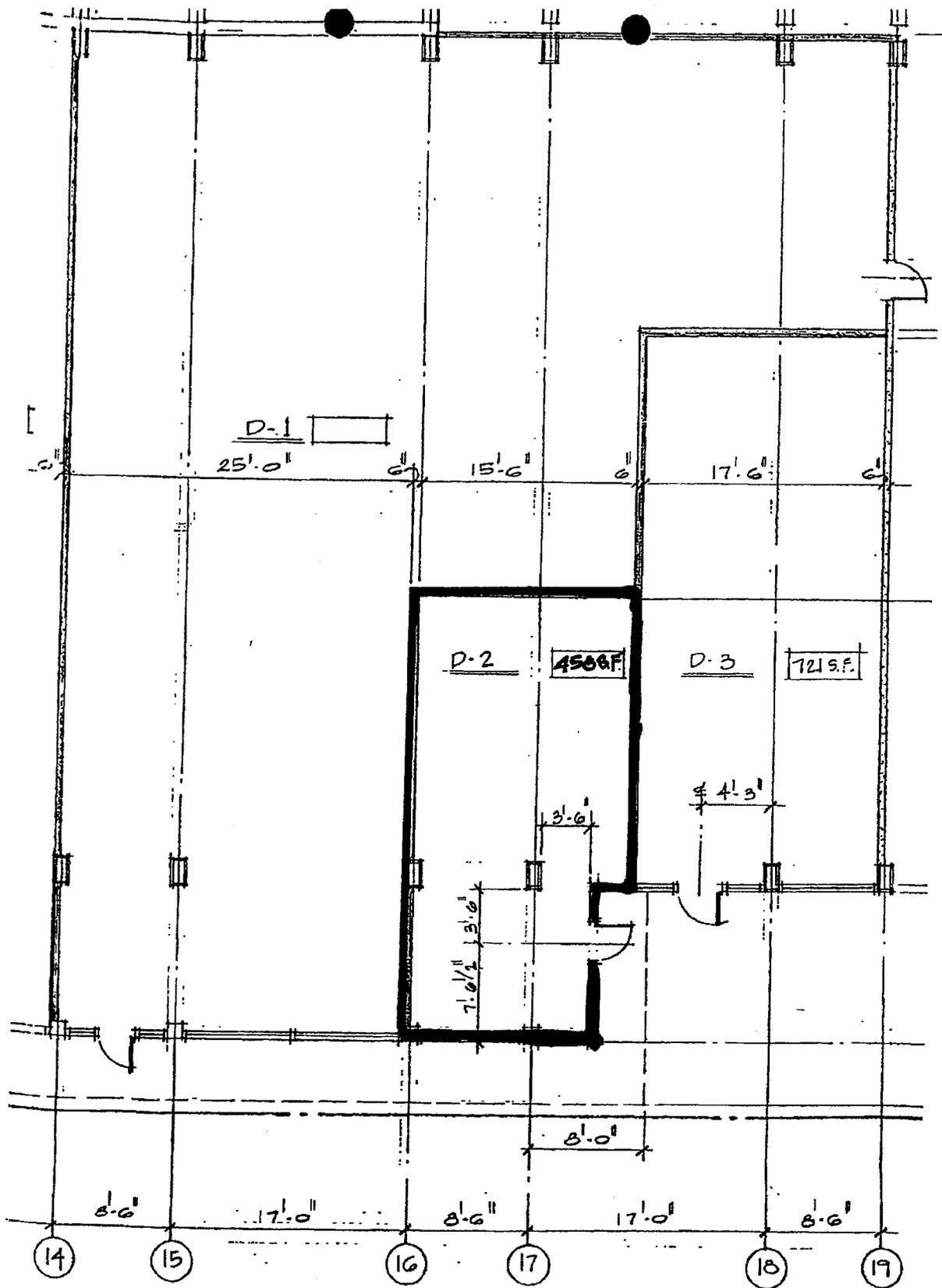


(Seal)

**EXHIBIT "A"**

**DIAGRAM OF EXPANSION SPACE**

(Attached.)



325 N Crescent Drive