



AGENDA REPORT

Meeting Date: November 13, 2012
Item Number: F-2
To: Honorable Parking Authority
From: Brenda A. Lavender, Real Estate & Property Manager
Subject: APPROVAL OF THIRD AMENDMENT TO LEASE BETWEEN THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS AND THRIFTY PAYLESS, INC.
Attachments: 1. Third Amendment to Lease

RECOMMENDATION

It is recommended the Parking Authority approve of the Third Amendment to Lease with Thrifty Payless, Inc. dba Rite Aid at 463 N. Bedford Drive. This Third Amendment extends the terms of the lease for ten (10) years. A copy of the amendment is on file with the City Clerk.

INTRODUCTION

Thrifty Payless, Inc. dba Rite Aid is a long-standing tenant at this location. This amendment extends the term of the lease by ten (10) years and increases the base rent by 18.52% from \$40,243.50 to \$49,376.25 monthly for the first year of the term. Rite Aid's current lease included this option to extend the lease term for ten (10) years at 95% of Fair Market Rent.

DISCUSSION

Staff has worked with Thrifty Payless to extend this lease based on market rent. As noted this renewal reflects an 18.5% increase in the rent and beyond that the rent will continue to increase annually by CPI. In the 2009 extension of the lease the rental rate had been reduced as a result of lower market rental rates and in an effort to retain Rite Aid at this location. This extension is a return to market rates.

FISCAL IMPACT

The fiscal impact of this deal is additional annual revenue of \$109,593 as a result of the increased rental rate. There is no out of pocket cost and no free rent.



Noel Marquis, Acting Director of
Administrative Services, CFO

Approved By

Attachment 1

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

The Parking Authority of the 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 Landlord declares that this Third Amendment to Lease is exempt from Recording Fees pursuant to California Government Code Section 27383.

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE (the "Amendment"), is dated as of November 13, 2012, and is entered into by and between **THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS** ("Landlord"), as successor-in-interest to the City of Beverly Hills, and **THRIFTY PAYLESS, INC.**, a California corporation ("Tenant"), successor to, for certain premises located at 463 North Bedford Drive, Beverly Hills, California (the "Premises").

RECITALS:

- A. Landlord's predecessor-in-interest (the City of Beverly Hills) and Tenant's predecessor in interest, Pay Less Drug Stores Northwest, Inc., entered into that certain Lease dated for reference as of July 5, 1989 as amended by a First Amendment to Lease dated July 16, 1991, and a Memorandum of Lease and Second Amendment to Lease dated as of November 17, 2009 for approximately 14,850 rentable square feet (the "Premises").
- B. Landlord's predecessor-in-interest (the City of Beverly Hills) and Tenant entered into a Memorandum of Lease and Second Amendment to Lease dated November 17, 2009 which was recorded on December 21, 2009 in the Official Records of Los Angeles County, California as Document No. 20091944422. The Lease, as amended, is hereinafter referred to as the "Lease". The City of Beverly Hills then conveyed the Premises to Landlord subject to the Lease.
- C. Landlord and Tenant wish to further extend the term of the Lease, now scheduled to expire on March 31, 2013.
- D. All capitalized terms used in this Amendment shall have the same meaning as in the Lease.

AGREEMENT:

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

1. Term. The term of the Lease is hereby extended for a period of ten (10) years commencing on April 1, 2013 and expiring on March 31, 2023.

2. Rent.

(a) Commencing on April 1, 2013, the Annual Rent shall be Five Hundred Ninety Two Thousand Five Hundred Fifteen Dollars (\$592,515), payable in monthly installments of Forty Nine Thousand and Three Hundred Seventy-Six and 25/100 Dollars (\$49,376.25) monthly, without demand, deduction, or offset and otherwise as provided in the Lease.

(b) On April 1, 2014 and each anniversary thereof (each, an "Adjustment Date"), the then-current Rent shall be increased by the percentage increase in the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor ("Bureau") for the Los Angeles-Anaheim-Riverside Metropolitan Area or successor thereto ("CPI") during the year ending on the applicable Adjustment Date, as determined by Landlord by dividing the CPI published 3 months prior to the applicable Adjustment Date by the CPI published 15 months prior to the applicable Adjustment Date. (If the CPI is converted to a different standard reference base or otherwise revised, the determination shall be made with the use of such conversion factor, formula or table for converting the CPI as may be published by the Bureau, or if the Bureau should fail to publish the same, then with the use of such conversion factor, formula or table for converting the CPI as may be published by any nationally recognized publisher of similar statistical information. If the CPI ceases to be published and there is no successor thereto, then such other index selected by Landlord and Tenant in good faith shall be used.) In no event shall Rent decrease.

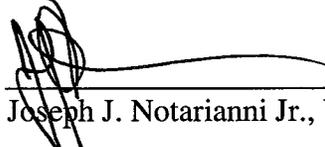
3. Incorporation. Except as modified herein, all other terms and conditions of the Lease shall continue in full force and effect and Tenant and Landlord hereby ratify and confirm their obligations thereunder. The parties acknowledge that as of the date of this Amendment, neither party (i) is in default under the terms of the Lease; (ii) has any defense, set off or counterclaim to the enforcement by the other party of the terms of the Lease; and (iii) is not aware of any action or inaction by the other party that would constitute a default by such party under the Lease.

4. Counterparts. This Amendment may be executed in one or more counterparts, each of which, when taken together, shall constitute one agreement.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the day and year first written above.

TENANT:

THRIFTY PAYLESS, INC.,
a California corporation

By:  _____:
Joseph J. Notarianni Jr., Vice President

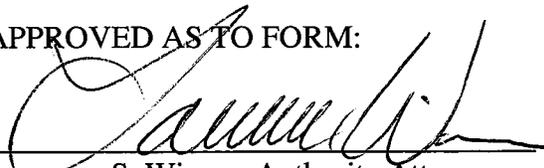
LANDLORD:

THE PARKING AUTHORITY OF THE CITY
OF BEVERLY HILLS,
a municipal corporation

By: _____
William W. Brien, M.D.,
Chairman of the Board of Directors

ATTEST:

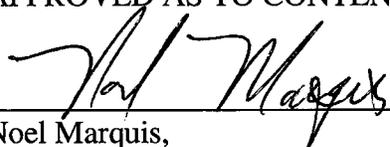
Byron Pope, City Clerk

APPROVED AS TO FORM:


Laurence S. Wiener, Authority Attorney

APPROVED AS TO CONTENT:

Jeffrey Kolin, CCM,
Executive Director

APPROVED AS TO CONTENT:


Noel Marquis,
Acting Director of Administrative
Services/Interim CFO

State of California)
County of Los Angeles)

On October 22, 2012, before me, Linda L. Brown, Notary Public,
(insert name and title of the officer)

Notary Public, personally appeared Joseph J. Notaranni, vice President,
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.

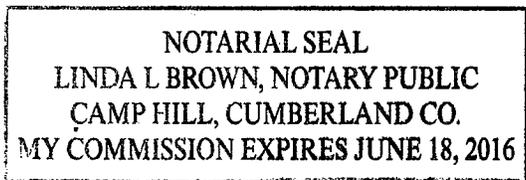
I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Linda L. Brown

(Seal)

COMMONWEALTH OF PENNSYLVANIA



State of California)
County of Los Angeles)

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

Notary Public, 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)