



## AGENDA REPORT

**Meeting Date:** September 2, 2014  
**Item Number:** D-3  
**To:** Honorable Parking Authority  
**From:** Brenda Lavender, Real Estate & Property Manager  
**Subject:** APPROVAL OF THIRD AMENDMENT OF LEASE BY AND BETWEEN THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS AND WILLIAMS-SONOMA STORES, INC.  
**Attachments:** 1. Third Amendment of Lease

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### **RECOMMENDATION**

It is recommended that The Parking Authority approve the Third Amendment of Lease by and between The Parking Authority of The City of Beverly Hills and Williams-Sonoma Stores, Inc., a California corporation. A copy of the amendment is on file with the City Clerk.

### **INTRODUCTION**

Williams-Sonoma has been a long-standing tenant of the City at the 345 N. Beverly Drive. This Third Amendment extends the term of lease by six (6) years and increases the monthly rent by 24% to \$93,600.00.

### **DISCUSSION**

Williams-Sonoma's current lease at 345 N. Beverly expires January 31, 2015 and the Tenant has exercised the last option to extend the lease for six (6) years at 90% of fair market value. This Third Amendment will extend the term through January 31, 2021. The amendment secures a significant space - 10,400 square feet over the next six years at a rate of \$9.00 per square foot monthly. There is no tenant improvement allowance, free rent or out of pocket cost to the City. This amendment also provides for annual rent increases.

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

**FISCAL IMPACT**

The fiscal impact of this lease amendment is additional annual revenue of \$218,400 with no upfront costs to the City.

David Lightner   
Approved By

# **Attachment 1**

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL  
TO:

The Parking Authority of the City of  
Beverly Hills  
c/o City of Beverly Hills  
455 North Rexford Drive  
Beverly Hills, California 90210  
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE

The undersigned declare that this Third 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).

### **THIRD AMENDMENT OF LEASE**

THIS THIRD AMENDMENT OF LEASE (this "**Amendment**") is dated as of September 2, 2014, by and between THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS ("**Landlord**"), and WILLIAMS-SONOMA STORES, INC., a California corporation ("**Tenant**").

### **RECITALS**

A. The City of Beverly Hills ("City") 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 (the "Property").

B. The City and Williams-Sonoma subsequently amended such lease by a First Amendment to Lease dated October 15, 1996 and a Memorandum of Lease and Second Amendment of lease dated November 5, 2008. 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. The Memorandum of Lease and Second Amendment of Lease was recorded on January 12, 2009 as Document No. 20090038936 in the Official Records of Los Angeles County, California.

E. The City has conveyed the Property to Landlord.

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

## 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, 2015. The term of the Lease is hereby extended to January 31, 2021. Section 3B of the Lease is hereby amended to provide that Tenant shall have no options to extend the term of the Lease.

2. Minimum Monthly Rent for Extension Period. From February 1, 2015 through January 31, 2021, the Minimum Monthly Rent shall initially be Ninety-Three Thousand Six Hundred Dollars and 00/100 Dollars (\$93,600.00), plus \$573.75 per month for the Storage Space. Said initial Minimum Monthly Rent shall be adjusted on February 1, 2016, and every anniversary thereafter (each, an "Adjustment Date"), as follows:

The base for computing the adjustment on each Adjustment Date is the then most recent Consumer Price Index for All Urban Consumers for the Los Angeles-Anaheim-Riverside Metropolitan Area published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), published at least three (3) months prior to the preceding Adjustment Date (or at least three months prior to February 1, 2016, for the first adjustment) ("Beginning Index"). If the Index published for the third month preceding the applicable Adjustment Date ("Comparison Index") is less than or equal to the Beginning Index, the Minimum Monthly Rent shall not be adjusted, and the Minimum Monthly Rent shall remain the same as in effect immediately prior to that Adjustment Date. If the Comparison Index is more than the Beginning Index, but less than one hundred and three percent (103%) of the Beginning Index, the Minimum Monthly Rent shall be adjusted to an amount determined by multiplying the Minimum Monthly Rent in effect immediately prior to that Adjustment date by a fraction, the numerator of which is the Comparison Index and the denominator of which is the Beginning Index. If the Comparison Index is equal to or more than one hundred and three percent (103%) of the Beginning Index, the Minimum Monthly Rent shall be adjusted to an amount equal to one hundred and three percent (103%) of the Minimum Monthly Rent in effect immediately prior to that Adjustment Date.

If the Index is changed so that the base year differs from that used for the Beginning Index, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

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:**

THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS

ATTEST:

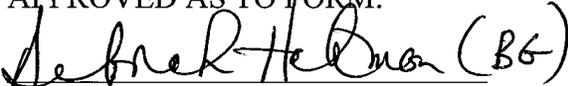
By: \_\_\_\_\_

\_\_\_\_\_  
BYRON POPE  
City Clerk

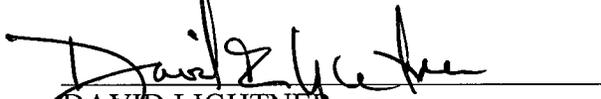
LILI BOSSE  
Chairman

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
LAURENCE S. WIENER  
City Attorney

\_\_\_\_\_  
JEFFREY KOLIN, ICMA-CM,  
Executive Director

  
\_\_\_\_\_  
DAVID LIGHTNER  
Deputy City Manager

  
\_\_\_\_\_  
BRENDA LAVENDER,  
Real Estate and Property Manager

**TENANT:**

WILLIAMS-SONOMA STORES, INC.,  
a California corporation

By:  \_\_\_\_\_

Print Name: **ARTHUR TROPP**

Title: **Sr. Vice President, Real Estate**

**APPROVED BY ASSIGNOR:**

WILLIAMS-SONOMA, INC.,  
a Delaware corporation

By:  \_\_\_\_\_

Print Name: **ARTHUR TROPP**

Title: **Sr. Vice President, Real Estate**

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)

*see attached*

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.

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the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

**ACKNOWLEDGMENT**

State of: California

County of: San Francisco

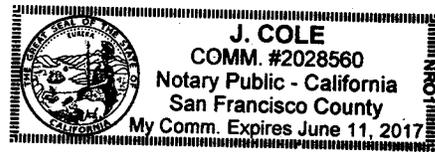
On August 26<sup>th</sup>, 2014 before me, J. Cole, Notary Public  
(name and title of the officer)

personally appeared Arthur Tropp

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



J. Cole  
Signature of Notary Public

(seal)

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  
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the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

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  
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the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)