



AGENDA REPORT

Meeting Date: October 20, 2015
Item Number: D-2
To: Honorable Parking Authority
From: Brenda Lavender, Real Estate & Property Manager
Subject: AMENDMENT OF LEASE BY AND BETWEEN THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS AND GRANITE ESCROW SERVICES AT 439 N. CANON DRIVE, SUITE 220.
Attachments: 1. Amendment of Lease

RECOMMENDATION

It is recommended that the Parking Authority approve the Amendment of Lease by and between The Parking Authority of The City of Beverly Hills and Granite Escrow Services, Inc. A copy of the amendment is on file with the City Clerk. The Granite Escrow Services office space is located in the Beverly/Canon Building at 239 N. Canon Drive, Suite 220.

INTRODUCTION

Granite Escrow Services has been providing escrow services at this location for the last five years. The amendment is for five (5) years and is the one option that was included in the original lease term. The current base rent for this location is \$3.81/SF - \$12,090.02 monthly and the new rental rate will increase by 7.5% to \$4.10/SF - \$13,009.30 monthly. The rent will be increased by 3% annually throughout the term.

DISCUSSION

Granite Escrow will receive a tenant improvement allowance of \$10/SF which is a onetime payment of \$31,730. Granite will use the tenant improvement allowance to re-construct several offices and to replace all of the cabinetry in the kitchen. There is no free rent or broker commission included in this transaction.

FISCAL IMPACT

The fiscal impact of the lease transaction is an increase in annual revenue of \$11,031.36. The rent increase will be offset by the tenant improvement allowance (\$31,730). There is no broker commission or down time included in this transaction.

David Lightner, Deputy City Manager

Approved By

Attachment 1

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

The Parking Authority of the
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 First 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 11922.

FIRST AMENDMENT OF LEASE

THIS FIRST AMENDMENT OF LEASE (this "**Amendment**") is made as of October 20, 2015, by and between THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS ("**Landlord**"), and GRANITE ESCROW SERVICES, INC., a California corporation ("**Tenant**").

RECITALS

A. The City of Beverly Hills and Tenant have entered into that certain Office Lease dated March 1, 2011 (the "**Lease**"), pursuant to which City agreed to lease and demise to Tenant, and Tenant agreed to lease and accept from City, a portion of that certain real property located in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as Suite 220 (the "**Premises**") in the building ("**Building**") located at 439 N. Canon Drive.

B. A Memorandum of Lease dated March 1, 2011 was recorded on April 18, 2011 as Document No. 20110558274 in the Official Records of Los Angeles County.

C. The City of Beverly Hills has conveyed the building containing the Premises to Landlord.

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. Extension of Term. Section 3(b) of the Lease is hereby deleted. The Term of the Lease is hereby extended to March 21, 2021.

2. Extension Term Rent. Commencing on March 21, 2016, the monthly rent shall be Thirteen Thousand Nine and 30/100 Dollars (\$13,009.30). On every anniversary of March 21, 2016, the then-current monthly Rent shall increase by three percent (3%). Consequently, the Monthly Rent shall be as follows:

| | |
|------------------------------------|-------------|
| March 21, 2016 – March 20, 2017 | \$13,009.30 |
| March 21, 2017 – March 20, 2018 | \$13,399.58 |
| March 21, 2018 – March 20, 2019 | \$13,801.57 |
| March 21, 2019 – March 20, 2020 | \$14,215.61 |
| March 21, 2020 – March 20, 2021 | \$14,642.08 |

3. Increase in Security Deposit. On or before March 21, 2016, Tenant shall deposit \$1,269.20 with Landlord as an addition to the Security Deposit. Tenant agrees that the Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants, and conditions of the Lease (as amended) to be kept and performed by Tenant during the Term. If Tenant defaults with respect to any provisions of the Lease, including but not limited to the provisions relating to the payment of Rent, Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rent or any other sum in default, or for the payment of any other amount which Landlord may spend or become obligated to spend by reason of Tenant's default or to compensate Landlord for any loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of the Security Deposit is so used or applied, Tenant shall, within ten (10) days after demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to the then required amount. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such Security Deposit. TENANT WAIVES ANY RIGHTS IT MAY HAVE UNDER SECTION 1950.7 OF THE CALIFORNIA CIVIL CODE WITH RESPECT TO THE SECURITY DEPOSIT AND AGREES THAT THIS SECTION SHALL GOVERN THE SECURITY DEPOSIT. Within sixty (60) days following the expiration of the Term or earlier termination of the Lease and Tenant's performance of all of its obligations under the Lease, the Security Deposit or any balance thereof shall be returned to Tenant. If Landlord sells its interest in the Premises during the Term hereof and deposits with the purchaser thereof the then unappropriated funds deposited by Tenant as aforesaid, Landlord shall be discharged from any further liability with respect to such Security Deposit provided the buyer expressly agrees in writing to assume Landlord's obligations hereunder with respect to the Security Deposit.

4. Additional Tenant Improvement Allowance. Landlord shall provide Tenant with an additional improvement allowance of Thirty One Thousand Seven Hundred Thirty and

No/100 Dollars (\$31,730.00) (the “**Tenant Improvement Allowance**”) which shall be disbursed and used subject to an in accordance with (and shall be bound by all of the terms of) Exhibit “A” attached hereto.

5. Brokers. Tenant represents that it has not engaged any broker, finder or salesperson in connection with this Amendment. Tenant shall defend, indemnify and hold Landlord harmless from and against any and all claims, liabilities, losses, damages, costs and expenses arising from or relating to any claim by any person or entity with whom Tenant has dealt (including, without limitation, West Coast Properties, Inc. and Steven J. Melmet) for any fee or commission relating to this Amendment.

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.

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

LANDLORD:

THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS

ATTEST:

Byron Pope,
City Clerk

By: _____
Julian A. Gold, M.D.
Chairman

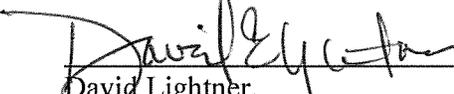
APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

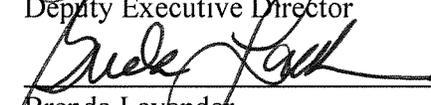


Laurence S. Wiener,
City Attorney

Mahdi Aluzri,
~~Interim~~ Executive Director



David Lightner,
Deputy Executive Director



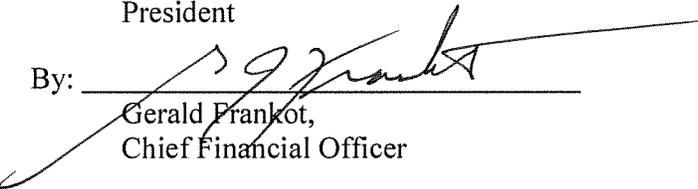
Brenda Lavender,
Real Estate & Property Manager

TENANT:

GRANITE ESCROW SERVICES, INC.

By: 

Brad Cohen,
President

By: 

Gerald Frankot,
Chief Financial Officer

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On Sept 15, 2015, before me, Tami Darling,
(insert name and title of the officer)

Notary Public, personally appeared Brad Cohen and Gerald Frankot
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.

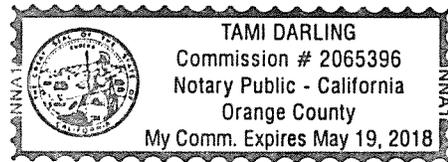
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Tami Darling

(Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.



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)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

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)

EXHIBIT "A"

TENANT IMPROVEMENTS AND TENANT IMPROVEMENT ALLOWANCE

A. GENERAL

Except for the payment of the Tenant Improvement Allowance (described in Section 4 of the First Amendment of Lease to which this Exhibit is attached) by Landlord, Tenant shall be solely responsible for the preparation of all design and working drawings and specifications relating to completion of the Premises for occupancy by Tenant and the letting of contracts relating to the improvements proposed by Tenant (the "Tenant Improvements") and the supervision and completion of the Tenant Improvements and payment therefor.

All Landlord approvals under this Exhibit must be obtained in writing from the City Manager of Landlord or his or her designee who is designated in writing by the City Manager. No approval by Landlord under this Exhibit shall relieve Tenant of the obligation to obtain any other required governmental permits or approvals (including such permits or approvals from the City of Beverly Hills). Tenant must obtain such permits or approvals for its work from the applicable building department of the City of Beverly Hills and other authorities having jurisdiction therefore. Tenant must submit evidence of these approvals to Landlord before commencing the Tenant Improvement work. Subject to Tenant's right to be reimbursed for such costs from the Tenant Improvement Allowance, Tenant shall be responsible for payment of all fees and charges incurred in obtaining said permits and approvals for the Tenant Improvements (and for obtaining a certificate of occupancy for the Premises after completion of the Tenant Improvement work and prior to commencing business in the Premises, if required by applicable law).

Tenant shall ensure that all the provisions and conditions contained or imposed in this Exhibit are observed and performed by all designers, contractors, subcontractors and consultants engaged by Tenant.

B. PLANS AND SPECIFICATIONS FOR THE TENANT IMPROVEMENTS

So that the Tenant Improvements may proceed without delay and in an efficient manner, the following provisions shall apply:

1. Preliminary Work. All designers or engineers employed by Tenant shall be familiar with the plans for the Building made available to Tenant to the extent necessary to complete the required architectural, mechanical and electrical working drawings and specifications.

2. Approval of Preliminary Space Plans and Specifications. Tenant shall provide Landlord with preliminary plans and specifications for the Tenant Improvements and Landlord shall approve or disapprove of them in writing within seven (7) business days, which approval shall not be unreasonably withheld or conditioned.

3. Submission of Final Plans and Specifications. Within sixty (60) days after Landlord's approval of Tenant's preliminary plans and specifications (or conditional approval),

Tenant shall submit three (3) printed sets of final plans and specifications, finish material samples and such other information as may be reasonably necessary for the Tenant Improvements to be approved by Landlord. Tenant's final plans shall include a schedule and other documentation reasonably acceptable to Landlord identifying all trade fixtures and equipment (along with the costs thereof) that Tenant proposes to be reimbursed from the Tenant Improvement Allowance.

4. Approval of Final Plans and Specifications; Later Changes. Within seven (7) business days following receipt of the final plans and specifications, Landlord shall notify Tenant in writing of (i) its approval of Tenant's final plans and specifications, (ii) approval with conditions (which shall be stated in a reasonably clear matter), or (iii) disapprove the final plans and specifications and return them to Tenant with requested revisions (which disapproval shall not be unreasonable). If Landlord disapproves the final plans and specifications, Tenant may resubmit the final plans and specifications to Landlord at any time, and Landlord shall approve or disapprove in writing the resubmitted final plans and specifications within five (5) business days after Landlord receives such resubmitted final plans and specifications, which approval shall not be unreasonably withheld or conditioned, and such procedure shall be repeated until the final plans and specifications are approved.

5. Change Orders. If Tenant desires to materially change the approved final plans and specifications, Tenant shall deliver notice of the same to Landlord setting forth in detail the changes Tenant desires to make to the approved final plans and specifications. Landlord shall, within five (5) business days after Landlord receives a written notice from Tenant of such notice of a change order, approve the change or disapprove the change in writing together with notice specifying the reasons for disapproval which approval shall not be unreasonably withheld or conditioned.

6. Working Drawings and Specifications. Each set of working drawings and specifications shall be of uniform size to a minimum scale of 1/8" to each foot and shall include, but not be limited to, the following:

- (1) floor plans;
- (2) reflected ceiling plans (including planned access points for equipment service), if applicable;
- (3) specifications, identification and colors of materials for all plans and work;
- (4) interior elevations and finish schedule;
- (5) engineered plans and specifications for all electrical, mechanical, and plumbing work, including details and performance information relating to all fixtures, equipment and any under-floor services, including conduit runs to be recessed or buried in the floor.

C. GENERAL REQUIREMENTS

1. Architect, General Contractor and Subcontractor Approval. Tenant shall competitively bid the Tenant Improvements with no less than three (3) reputable, licensed and bonded general contractors. Landlord shall have the right to approve, which approval shall not be unreasonably withheld, conditioned or delayed, the architect and all contractors and subcontractors designing or performing construction of the Tenant Improvements and who will be working in the Building. All contractors and subcontractors who will perform such work must have in force: (i) workers' compensation insurance in the amount required by law; (ii) such other employer's and comprehensive general liability insurance in accordance with the standards set forth in the Lease (but with a liability limit of not less than Two Million Dollars (\$2,000,000.00) for contractors and One Million Dollars (\$1,000,000) for subcontractors), (iii) One Million Dollars (\$1,000,000.00) of automobile liability insurance, and (iv) such other insurance as Landlord reasonably deems necessary to supplement the insurance coverage provided for in the Lease and which is consistent with requirements of comparable buildings for comparable construction projects. With regard to the Tenant Improvements, Landlord will not charge any amount for the review of plans, supervision and/or coordination of the construction thereof.

2. Workmanship, Materials and Design and Construction Guidelines Compliance. All of the Tenant Improvements required by Tenant to complete the Premises for occupancy shall be carried out with good workmanship and with first-class materials consistent with those in use at the Building, which shall all be of a high quality and shall be conforming to the commercially reasonable standards of practice, and shall conform with applicable laws.

3. Proof of Insurance. Before commencing Tenant Improvements, Tenant shall furnish written proof to Landlord that the insurance required under Section C1 above has been obtained and is in force. Landlord shall be named as an additional insured in such insurance.

4. Access and Rules. Unless other arrangements are proposed to and approved by Landlord in advance, Tenant's contractors shall access the Premises through the Building stairs or freight elevator only in order to perform the Tenant Improvements (and the delivery of materials for which passenger elevator access is required shall be arranged with Landlord in advance), subject to compliance with all non-discriminatory rules, regulations and stipulations which Landlord may make from time to time. If Tenant desires after-hours access for its contractors, such access must be scheduled with Landlord in advance. These rules, regulations and stipulations may include, but shall not be limited to, matters relating to:

- a) the handling and storage of material and equipment;
- b) hours of work and coordination of activity so long as Tenant is provided reasonable access during normal construction hours (or other hours, if arranged with Landlord in advance);
- c) scheduling of work;
- d) deliveries; and

- e) clean-up of work and the disposition of refuse.

5. Refuse Removal. Tenant shall at all times keep the Premises and all other areas clear of all waste materials and refuse caused by itself, its suppliers, contractors or by their work. Tenant shall remove all waste materials and refuse directly from the Premises and shall deposit them in places or in receptacles provided by Tenant at Tenant's sole cost and expense specifically for the disposal of waste materials and refuse in connection with the Tenant Improvements (which receptacles shall be located at a place reasonably designated by Landlord). In no event shall Tenant's construction debris be placed in with the rubbish and trash of other tenants. Landlord may require Tenant to clean up on a daily basis, and after reasonable prior notice, shall be entitled to clean up at Tenant's expense if Tenant fails to comply with Landlord's reasonable requirements in this respect.

At the completion of Tenant Improvements, Tenant shall remove all waste material and refuse from the Premises and deposit them in places or in receptacles provided by Tenant. The final clean-up shall include the cleaning of all lighting fixtures, millwork units, windows, stairwells, common areas and space which may be affected by the Tenant Improvement work.

6. Damage by Tenant. Subject to the waiver of subrogation contained in the Lease, any damage caused by Tenant's contractor or subcontractors constructing the Tenant Improvements to the Building structure or the Building systems or to any property of Landlord or of other tenants shall be repaired by Tenant to the reasonable satisfaction of Landlord.

7. Failure to Perform Work. If Tenant's contractor performs any work which does not substantially conform with the approved plans and specifications, then Landlord, after ten (10) business days' prior written notice to Tenant and Tenant's contractor, may without prejudice to any right or remedy Landlord may have, complete the work, remedy the defaults or make good any such deficiencies and Tenant shall reimburse Landlord for such costs, as additional rent, within thirty (30) days after written demand, or the same shall be deducted from the Tenant Improvement Allowance.

8. Security. Tenant shall be entirely responsible for the security of the Premises during construction and Landlord shall not be liable for any loss or damage suffered by Tenant or its contractors.

9. Fire Protection. Tenant shall maintain and keep on the Premises at all times during construction and the term of the Lease, a suitable portable fire extinguisher for Class A, B and C fires and shall comply with any additional requirements and regulations imposed by the fire marshal and all other appropriate governmental agencies.

10. Performance of Construction. Tenant shall diligently complete the Tenant Improvements.

11. Preparation of "As-built" Plans. Within sixty (60) days after the completion of the Tenant Improvements, and as a condition to the final payment of the Tenant Improvement Allowance, Tenant shall deliver to Landlord one (1) hard copy of the plans and specifications for the Tenant Improvements depicting the as-built condition thereof, or a copy

on CAD diskette.

D. Public Work; Prevailing Wage Requirement

Tenant acknowledges that the Tenant Improvements are a “public work” under Section 1720 of the California Labor Code and Tenant agrees that Tenant shall: (i) pay prevailing wages for all Tenant Improvement work in accordance with Section 1720, et seq. of the California Labor Code; and (ii) otherwise comply with the provisions of Sections 1773.8, 1775, 1776, 1777.5, 1777.6 and 1813 of the California Labor Code and all other applicable Laws and regulations with respect to prevailing wages.

E. Tenant Improvement Allowance

1. The Tenant Improvement Allowance described in Section 4 of the First Amendment of Lease (to which this Exhibit is attached) shall be used only for the actual costs of design and construction of the Tenant Improvements, including without limitation, payment of the fees and costs of the space planner, architect, engineer and other consultants in connection with the design and construction of the Tenant Improvements, actual costs of construction of the Tenant Improvements, wiring (including, but not limited to, data cable materials and installation costs), and permitting costs, but not for Tenant’s moving expenses, consulting fees not directly related to the design, engineering and/or construction of the Tenant Improvements, signage, or moveable furniture (the “Tenant Improvement Allowance”). In no event shall any unused portion of the Tenant Improvement Allowance be paid to Tenant or credited against any sum payable by Tenant under this Lease.

2. Subject to Section 3 below, Landlord shall pay to Tenant the Tenant Improvement Allowance for the items described in Section 1 above, in monthly installments, within thirty (30) days after Tenant delivers written request to Landlord for payment describing the applicable Tenant Improvement work completed by Tenant for which the funds are requested (together with any additional supporting documentation reasonably requested by Landlord), subject to the satisfaction of the following conditions:

a) All building permits for the Tenant Improvements have been issued by the applicable governmental authorities and copies of such building permits have been delivered to Landlord;

b) Tenant has submitted to Landlord (i) all invoices for that portion of the Tenant Improvements for which payment is requested; (ii) appropriate conditional lien releases and waivers from any and all contractors and materialmen that provided services or installed supplies to or for the account of Tenant (unconditional as to any work for which a disbursement of the Tenant Improvement Allowance was previously made); and (iii) certified payroll for each trade performing work; and

c) Tenant has completed that portion of the Tenant Improvements described on the invoices submitted for which the installment payment is requested; and

d) Tenant is not in default of any provisions of the Lease.

3. Landlord shall be entitled to retain ten percent (10%) of each requested installment for the hard costs of the Tenant Improvements (but not with respect to payments to the architect, project manager and other consultants), to be retained until Tenant satisfies the requirements of Paragraph 4 below at which time the aggregate amount of all such retainages shall be disbursed to Tenant.

4. Landlord shall pay a final payment of the Tenant Improvement Allowance equal to ten percent (10%) of the hard costs of the Tenant Improvements (i.e., the retention described in Paragraph 3 above) within thirty (30) days after Landlord's receipt of Tenant's written request thereof, together with documentation sufficient (in Landlord's reasonable determination) to establish that items (a) through (f) below have been satisfied:

a) All required inspections of the Tenant Improvements by the applicable governmental agencies have taken place and the completed Tenant Improvements have passed all such inspections;

b) Tenant has completed the Tenant Improvements;

c) Tenant has received a temporary certificate of occupancy;

d) Tenant has submitted to Landlord (i) all invoices and proof of payment for all of the Tenant Improvements evidencing expenditures by Tenant of any amount equal to or greater than the amount of the Tenant Improvement Allowance; and (ii) appropriate final lien releases and waivers, conditioned only upon final payment of the applicable sum specified therein, from any and all contractors and materialmen which provided services or installed supplies to or for the account of Tenant with respect to the Tenant Improvements;

e) Tenant is not in default of any provisions of the Lease beyond applicable notice and cure periods.

f) Tenant has provided to Landlord one (1) hard copy of the plans and specifications for the Tenant Improvements depicting the as-built condition thereof, or a copy on CAD diskette.

5. Within thirty (30) days after Landlord's final payment of the Tenant Improvement Allowance and all retainages described in Paragraph 3 above, Tenant shall submit to Landlord final, unconditional lien releases and waivers from any and all contractors and materialmen which provided services or installed supplies to or for the account of Tenant with respect to the Tenant Improvements.

6. All items of the Tenant Improvements paid for with the Tenant Improvement Allowance shall be deemed Landlord's property.

7. Landlord will not charge Tenant any supervisory or administrative fees in connection with Landlord's work or Tenant's initial Tenant Improvement work, and Landlord will not charge any fee to review Tenant's plans and specifications (other than normal permit fees charged by the City of Beverly Hills in its governmental capacity).

F. NON-COMPLIANCE

1. Non-Compliance. If Tenant or Landlord does not comply with the provisions of the Lease, including this Exhibit, the non-defaulting party, in addition to and not in lieu of any other rights or remedies, may (subject to applicable notice and cure provisions) declare and treat such noncompliance as a default or breach of covenant under this Lease and exercise any right available under the provisions of this Lease, including the right of termination.

2. Termination; Retention or Demolition of Tenant Improvements. In any event of termination pursuant to the above provision by Landlord, Landlord may further elect either to:

a) retain for its own use without payment therefor all or any of the Tenant Improvements which has been commenced, installed or completed to the date of such termination; or

b) forthwith demolish or remove all or any work and restore the Premises to the condition in which the same were prior to the commencement, installation or completion of all or such of the Tenant Improvements and recover the cost of so doing from Tenant.