



"To enrich lives through effective and caring service"



Stan Wisniewski
Director

Kerry Silverstrom
Chief Deputy

June 14, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF FIRST AMENDMENT TO OPTION TO AMEND LEASE NO. 13508
PARCELS 95S and LLS (MARINA WEST SHOPPING CENTER) - MARINA DEL REY
(FOURTH DISTRICT)
(4 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Chair to execute the attached Amendment extending the term of the Option to Amend Lease No. 13508 ("Option") with respect to Parcels 95S and LLS (Marina West Shopping Center), reflecting an additional three-month extension of the Option expiration to October 8, 2005, for a supplemental fee of \$31,666.50.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County is the lessor of a ground lease for Parcel 95S, which was originally entered into for a term of 60 years. Your Board previously, on July 8, 2003, approved the Option to facilitate redevelopment of Parcel 95S and relocation of parking spaces on Parcel LLS to accommodate improvement of a public park thereon, along with an Amended and Restated Lease Agreement ("Restated Lease") providing for a 39-year lease extension, payment of a \$270,000 lease extension fee, a renovation plan consisting of demolition of all existing buildings (except for the 5,713 square foot Islands Restaurant that will be remodeled to "like new" condition) and construction of a new 2-story office/retail/restaurant building (18,650 square feet), a 1-story retail building (16,400 square feet), 238 parking spaces, and a public park, adjustment of minimum and percentage rents, and other miscellaneous improvements to the lease.

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The Option has an expiration date of January 7, 2005, but allows for an extension of the Option for up to six additional months upon approval by the Director. During the entitlement process, the lessee was encouraged by the County's Regional Planning Commission to explore the possibility of implementing a mixed-use commercial/residential project on the leasehold. The lessee, after significant expenditure of time and effort in exploring these additional uses, has decided not to further pursue this additional redevelopment, as it would further prolong the entitlement process. Having spent time in exploration of this redevelopment scenario, however, the additional extended term remaining on the Option will not be adequate to obtain all needed entitlements and permits, and an additional three months has been requested. We concur that the extra three months sought by the lessee is necessary, but wish to ensure that the lessee is properly motivated to complete the process in a timely manner by imposing a cost on the extension. Lessee has agreed to assume this added fee. The attached Amendment extends the Option by three months beyond the one month remaining, to October 8, 2005, and requires the lessee to pay an extension fee of \$31,666.50.

Implementation of Strategic Plan Goals

The recommended action will allow the lessee to proactively redevelop its leasehold improvements, which will result in fulfillment of approved Strategic Plan Goals Nos. 1 and 4, Service Excellence and Fiscal Responsibility, respectively.

FISCAL IMPACT/FINANCING

The financial impact to the County as a result of the Amendment is a supplemental option fee of \$31,666.50.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The term of the lease for Parcel 95S commenced on June 1, 1968, with a term expiring on May 31, 2028. If the Option is exercised and the lease extended pursuant to the Restated Lease, the term will expire on May 31, 2067.

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The Small Craft Harbor Commission has endorsed the Director's recommendation that your Board approve the attached Amendment, which has been approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

Approval of the Amendment does not authorize construction or re-construction of any improvements on the parcels. The discretionary land use entitlements and the corresponding environmental documentation necessary to implement the proposed redevelopment/replacement contemplated by the Restated Lease are under review by the Department of Regional Planning.

CONTRACTING PROCESS

Not applicable.


IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on other current services or projects.

CONCLUSION

Authorize the Executive Officer of the Board to send two copies of the executed Amendment to the Department of Beaches and Harbors.

Respectfully submitted,


Stan Wisniewski, Director

SW:AK:GB

Attachment (1)

c: Chief Administrative Officer
Executive Officer, Board of Supervisors
County Counsel

**FIRST AMENDMENT TO
OPTION TO AMEND LEASE AGREEMENT
(Parcels 95S and LLS)**

THIS FIRST AMENDMENT TO OPTION TO AMEND LEASE AGREEMENT (“**First Amendme nt**”) is made as of March 8th, 2005, between **COUNTY OF LOS ANGELES** (“**County**”), and **GOLD COAST WEST, LLC**, a Delaware limited liability company (“**Lessee**”).

RECITALS

A. County and Interstate Properties, a limited partnership (the “**Original Le ssee**”), entered into Lease No. 13508, dated June 5, 1968, as amended (the “**Existing Lease**”), regarding the lease from County of certain real property in the Marina del Rey Small Craft Harbor commonly known as Parcel No. 95S, as more particularly described in the Existing Lease (the “**Premises**”).

B. Lessee has succeeded to the Original Lessee’s ri ght, title and interest as lessee under the Existing Lease.

C. County and Lessee entered into that certain Option to Amend Lease Agreement made as of July 8, 2003 (the “**Agreemen t**”), whereby County granted Lessee the right to extend the term of the Existing Lease through May 31, 2067 and to add Parcel LLS to the Premises on the terms and conditions set forth in the Option Agreement (the “**Option**”).

D. County and Lessee (or its affiliates) are entering into various agreements pertaining to the Premises and the premises leased by Lessee (or its affiliates) that are commonly known as Parcels 140V, Parcel 97R, Parcel 44U and Parcel 77W (the “**Related Agreements**”).

E. In connection with the Related Agreements, County and Lessee desire to amend the Agreement in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the Related Agreements, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Lessee and County hereby agree as follows:

1. Section 2 of the Agreement is hereby amended and restated in its entirety as follows:

“2. Option Term. The term of the Option (the “**Opti on Term**”) shall commence on the date of the Agreement and expire on that date (the “**Option Expirat ion Date**”) which is the earlier of (i) forty-five (45) days following the date of the satisfaction of

the Entitlement Conditions (as defined in Section 3 of the Agreement), or (ii) October 8, 2005 (the date set forth in this clause (ii) is referred to as the "Extension Date")."

2. In consideration of, and as a condition to, the extension of the Option Term as provided in Section 1 above, Lessee shall pay to County concurrent with Lessee's execution of this First Amendment the sum of Thirty-One Thousand Six Hundred Sixty-Six and 50/100 Dollars (\$31,666.50) (the "Supplemental Fee"). The Supplemental Fee shall be non-refundable and shall not be applied against the Extension Fee (as defined in Section 4.2 of the Agreement) if Lessee exercises the Option..

3. Section 6 of the Agreement is hereby amended and restated in its entirety as follows:

"6. Delay in Exercise of Option. If Lessee obtains the Entitlements by the Extension Date, but such Entitlements are contested by appeal or litigation brought by a third party (a "Contest Delay"), then upon the written request of Lessee, and provided that Lessee continues to use its best efforts to contest the appeal or litigation, Director shall extend the Option Expiration Date until a final order or decision on such appeal or litigation is issued or such appeal or litigation is dismissed or otherwise resolved; provided, however, in no event shall the Option Expiration Date be extended beyond the fourth (4th) anniversary of the date of this Agreement. For purposes of the immediately preceding sentence, a "third party" shall mean any person or entity other than (a) Lessee or any person or entity with any direct or indirect interest in Lessee, or (b) the governmental agency, commission, board or other instrumentality that issued the Entitlement that is the subject of the appeal or litigation. Lessee shall not be required to pay a fee in connection with any extension of the Option Expiration Date to which Lessee is entitled under this paragraph.

Notwithstanding the foregoing provisions of this Section 6, there shall be no extension of the Option Expiration Date under this Section 6 if Lessee is in breach or default of the Agreement or the Existing Lease. No Extraordinary Governmental Delay or Contest Delay shall be considered to have commenced under this Section 6 until such time as Lessee shall have notified Director in writing of such delay. If Lessee desires to have the Option Expiration Date extended pursuant to this Section 6, then Lessee must deliver written notice to Director of its request for the extension not later than thirty (30) days prior to the Option Expiration Date, as such date may have been previously extended; provided, however, if the basis for the extension does not arise until later than thirty (30) days prior to the Option Expiration Date, then Lessee shall be required to deliver its written request for the extension promptly following its discovery of the basis for the required extension."

4. All other terms and conditions of the Agreement shall continue in full force and effect.

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

LESSEE: GOLD COAST WEST, LLC, a Delaware limited liability company

By: Michael Pashai
Name: MICHAEL PASHAI
Title: Managing member

By: David Tabak
Name: DAVID TABAK
Title: Managing member

COUNTY: COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

ATTEST:
VIOLET VARONA-LUKENS,
Executive Officer of the
Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel
By: [Signature]
Deputy

SIGNATURES CONTINUED ON NEXT PAGE
APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP
By: [Signature]