"To enrich lives through effective and caring service"

Los Angeles County
Caring for Your Coast
Beaches & Harbors

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. 6125
PARCEL 140V (ADMIRALTY APARTMENTS) - MARINA DEL REY
(FOURTH DISTRICT)
(4 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and authorize the Chair to execute the attached Amendment extending the term of the Option to Amend Lease No. 6125 ("Option"), Parcel 140V (Admiralty Apartments), as previously approved by your Board, for an initial term of three months and, thereafter, on a month-to-month basis for an additional three months, as needed, for a total period of up to six months to August 12, 2005 and establish a supplemental option fee of $16,666.50 for the initial three months, plus $5,555.50 per month for the remaining three months, for a total of up to $33,333.00.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County is the lessor of a ground lease for Parcel 140V, which was originally entered into on September 21, 1962 for a term of 60 years. Your Board previously, on August 12, 2003, approved an Option to extend this lease to facilitate redevelopment of the parcel, along with an Amended and Restated Lease Agreement ("Restated Lease") providing for a 39-year lease extension, payment of a $900,000 lease extension fee, demolition of the existing apartment buildings (64 total units) and construction of 179 new apartment units, adjustment of minimum and percentage rents and other miscellaneous improvements to the lease.

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The Option had an expiration date of February 12, 2005, extendable for up to six months subject to approval by the Director. The lessee has requested an additional option period beyond August 12, 2005, believing it will be unable to obtain all of the necessary entitlements within the extended option period. Being satisfied that the lessee has made significant progress in obtaining initial approvals from the Design Control Board and the Department of Regional Planning but will need additional time to complete the entitlement process beyond the extended option period, the Department concurs that the requested extension is reasonable. However, the Department wants to ensure that the lessee is properly motivated to complete the process in a timely manner by imposing a cost on the extension, to which the lessee has agreed. The attached Amendment affirms the granting of an Option extension to the lessee for an initial term of three months, plus three additional months on a month-to-month basis, as needed, for a total of up to six months, and requires the lessee to pay a pro rata option fee of up to $33,333.00.

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 $16,666.50 for the initial three months, plus $5,555.50 per month for a potential additional three months, for a total of up to $33,333.00.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The term of the lease for Parcel 140V commenced on October 1, 1962, with an expiration date of September 30, 2022. If the Option is exercised and the lease extended pursuant to the Restated Lease, the term will expire on September 30, 2061.

The Small Craft Harbor Commission has unanimously 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 parcel. 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

Stan Wisniewski, Director

SW:PW:GB

Attachment (1)

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

FIRST AMENDMENT TO
OPTION TO AMEND LEASE AGREEMENT
(Parcel 140V)

THIS FIRST AMENDMENT TO OPTION TO AMEND LEASE AGREEMENT ("**First Amendment**") is made as of March 8th, 2005, between **COUNTY OF LOS ANGELES** ("**County**"), and **GOLD COAST APARTMENTS, LLC,** a Delaware limited liability company ("**Lessee**"), with reference to the following:

RECITALS

A. County and Stone & Stone, a partnership (the "**Original Lessee**"), entered into Lease No. 6125, dated September 11, 1962, 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. 140V, as more particularly described in the Existing Lease (the "**Premises**").

B. Lessee has succeeded to the Original Lessee's right, 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 August 12, 2003 (the "**Agreement**"), whereby County granted Lessee the right to extend the term of the Existing Lease through September 30, 2061 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 95S and LLS, 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 "Option Term") shall commence on the date of the Agreement and expire on that date (the "Option Expiration 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) the Extension Date (as defined

below)" The "Extensio n Date" shall initially be May 12, 2005. In consideration of, and as a condition to, the County's agreement to the initial Extension Date of Ma y 12, 2005, Lessee shall pay to County concurrent with Lessee's ex ecution of the First Amendment the sum of $16,666.50. Lessee shall have the right to extend the Extension Date for up to three (3) additional one-month periods by Lessee's deliver y to County on or prior to the then-effective Extension Date of both (a) written notice of Lessee's exercise of such one-month extension right, and (b) the sum of $5,555.50 for each such one-month extension. Lessee shall have no right to extend the Extension Date beyond August 12, 2005. If by not later than the then-effective Extension Date Lessee fails to deliver to County written notice of its exercise of a one-month extension and the monthly extension fee of $5,555.50, then the Extension Date shall not be extended and any remaining unexercised extension rights set forth herein shall terminate. The sums delivered by Lessee to County under this Section 2 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.

2. 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 (as such date may be extended hereunder), 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 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."

3. 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 APARTMENTS, LLC, a Delaware limited liability company

By: Michael Pashaie
Name: MICHAEL PASHAIE
Title: managing member

By: David Taban
Name: DAVID TABAN
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: _____
Deputy

APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP

By: _____