



"To enrich lives through effective and caring service"



Santos H. Kreimann
Director

Kerry Silverstrom
Chief Deputy

March 5, 2009

TO: Small Craft Harbor Commission

FROM: Santos H. Kreimann, Director

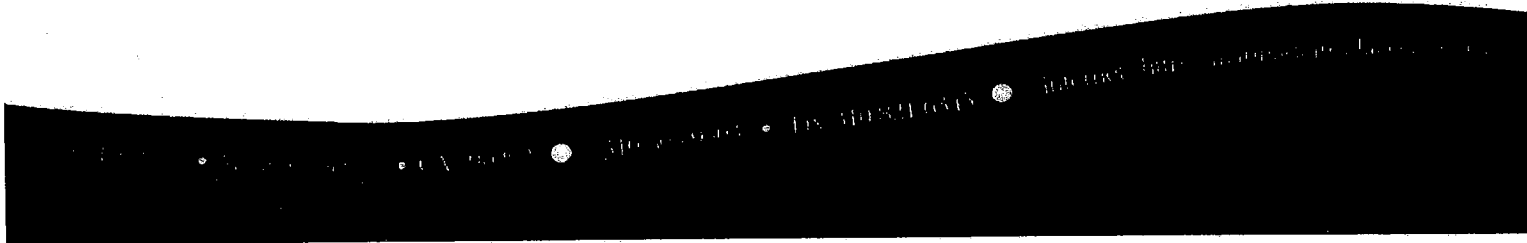
SUBJECT: **ITEM 5b – APPROVAL OF AMENDMENT NO. 1 TO AMENDED AND
RESTATED LEASE NO. 74729 – PARCEL 15U (ESPRIT II) - MARINA
DEL REY**

Item 5b on your agenda pertains to an amendment to the Parcel 15U lease (Esprit II) that extends the outside completion date within which the lessee has to complete construction of 585 new apartment units and a new 225-slip marina.

Attached is a copy of the Board letter that explains the details of the proposed lease amendment. A copy of the proposed lease amendment is attached as an exhibit to the Board Letter.

Your Commission's endorsement of the Director's recommendation to the Board of Supervisors to approve the proposed amendment as contained in the attached letter is requested.

SHK:GB
Attachment (1)



March 24, 2009

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 AMENDMENT NO. 1 TO
AMENDED AND RESTATED LEASE NO. 74729
ESPRIT II (Parcel 15U at 4240-4250 Via Marina) - MARINA DEL REY
(FOURTH DISTRICT)
(4 VOTES)**

SUBJECT

Request for approval of Amendment No. 1 to Amended and Restated Lease Agreement for Parcel 15U extending the outside completion date for the redevelopment of the landside and waterside improvements under the lease.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the Regional Planning Commission, acting on behalf of the County, has previously considered and certified a final environmental impact report for the proposed redevelopment project contemplated by Amended and Restated Lease No. 74729 with respect to Parcel 15U (Esprit II).
2. Authorize the Chairman to execute Amendment No. 1 to Amended and Restated Lease No. 74729 for Parcel 15U, attached as Exhibit A, granting an extension of the outside completion date within which to complete the redevelopment of the parcel as described in the Amended and Restated Lease.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Your Board previously entered into Amended and Restated Lease Agreement (Lease No. 74729) with ESPRIT TWO LLC, a California limited liability company (Lessee), on December 29, 2003 for Parcel 15U (Esprit II) in Marina del Rey that calls for demolition of all existing improvements (288 apartments and 215 slips) and the construction of 585 new apartments, including 47 very low-income senior units, and a new 225-slip marina, to be completed by June 30, 2009.

The Amended and Restated Lease Agreement (Lease), which was negotiated in conjunction with an Amended and Restated Lease Agreement for Parcel 12R (Esprit I), called for phased redevelopment of Esprit I and Esprit II so as to lessen the impact on Marina residents and boaters. Due to delays prior to start of construction caused by litigation and, during construction, by material shortages and a lack of necessary skilled labor, Esprit I was not completed until August 2008. The Esprit II lease does not provide tolling for delays in the construction of Esprit I as an adjustment for the outside completion date of Esprit II.

Although Lessee has received all of its entitlements for Esprit II and is able to apply for a building permit at this time, the condition of the financial markets, along with the state of the economy, make it impractical for the Lessee to arrange financing and to redevelop the property at this time. Esprit II cannot meet its original outside completion date, causing the Lessee to request an amendment to the Lease and an extension of the outside completion date for the construction of the project.

In consideration for extending the outside completion date to the later of June 30, 2013 or the fourth anniversary of the earlier of (a) the date of substantial commencement of construction or (b) the anticipated commencement of construction (currently set at July 1, 2010, but extendable for continued general unavailability of financing), Lessee has agreed to: 1) pay the County the sum of \$1,000,000 in four equal annual installments of \$250,000 each, with the first payment due and payable concurrent with execution and delivery of the Amendment; 2) effective April 1, 2009, increase the annual minimum rent from \$415,272 (\$34,606.00 per month) to \$630,000 (\$52,500.00 per month); 3) effective 36 months following the earlier of construction completion or the outside completion date, adjustment every three years of the minimum annual rent to 75% of the average of the total annual rent paid to County during the 36 months immediately prior to the adjustment date, but in no event less than \$2,793,000 per year (the sum projected by the Lessee if Esprit II is built); 4) termination of the abatement of monthly minimum rent during the construction period; 5) termination of deferral of percentage rent; 6) elimination of the possible earnback of up to 50% of the extension fee paid; and 7) renovate the marina in the event that Esprit II is not constructed and the Lease reverts to its original expiration date of 2022.

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 Goal Nos. 1 and 4, "Service Excellence" and "Fiscal Responsibility", respectively.

FISCAL IMPACT/FINANCING

Operating Budget Impact

Upon your Board's approval of the Amendment, the Department of Beaches and Harbors' operating budget will receive a \$1,000,000 fee, payable in four equal annual installments of \$250,000 each, as partial compensation for extending the outside completion date for the project. The revenue was not budgeted in the FY 2008-09 Final Adopted Marina Budget; therefore, the first \$250,000 payment will be accounted for as one-time over-realized revenue. The installment payments received from FY 2009-10 through FY 2011-12 will be subsequently budgeted as one-time revenue.

In addition, the annual minimum rent shall be increased from \$415,272 to \$630,000, and the corresponding monthly minimum rent will increase from \$34,606 to \$52,500 effective April 1, 2009. This revenue increase is budgeted in the Department's FY 2008-09 Final Adopted Marina Budget.

Costs of consultants and primary County staff involved in the negotiation and development of the Amendment are being reimbursed by the Lessee.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The term of the Amended and Restated Lease for Parcel 15U commenced on August 1, 1962 and expires on July 31, 2061.

At its meeting of March 11, 2009, the Small Craft Harbor Commission considered and _____ the Director's recommendation to approve the proposed amendment. County Counsel has approved the document as to form.

ENVIRONMENTAL DOCUMENTATION

On December 6, 2000, the Regional Planning Commission considered and certified a final environmental impact report (FEIR) and adopted Findings of Fact and a Statement of Overriding Considerations regarding the FEIR for the proposed redevelopment project contemplated by the Lease. The proposed Amendment No. 1 does not raise any new or different environmental impacts.

The Honorable Board of Supervisors

March 24, 2009

Page 4

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on other current services or projects.

CONCLUSION

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

Respectfully submitted,

Santos H. Kreimann
Director

SK:GB

Attachments (1)

c: County Counsel

AMENDMENT NO. 1 TO AMENDED AND RESTATED LEASE AGREEMENT
PARCEL 15U – MARINA DEL REY
(LEASE NO. 74729)

THIS AMENDMENT NO. 1 TO AMENDED AND RESTATED LEASE AGREEMENT (“Amendment”) is made and entered into as of _____, by and between COUNTY OF LOS ANGELES (“County”) and ESPRIT TWO LLC, a California limited liability company (“Lessee”).

RECITALS

A. County and Lessee entered into Amended and Restated Lease Agreement (Lease No. 74729) dated December 29, 2003 (the “Lease”), pursuant to which County leased to Lessee that certain real property located in the Marina del Rey Small Craft Harbor, County of Los Angeles, State of California, commonly known as Parcel 15U.

B. Subsection 5.5.1 of the Lease requires Lessee to have caused the Substantial Commencement of Construction for the Redevelopment Work to have occurred on or before the date which would reasonably permit the substantial completion of the Redevelopment Work by the Outside Completion Date of June 30, 2009, and to substantially complete the Redevelopment Work by such June 30, 2009 Outside Completion Date.

C. As of the date of this Amendment, the Substantial Commencement of Construction of the Redevelopment Work has not yet occurred and the period required for construction will not permit the substantial completion of the Redevelopment Work by June 30, 2009.

D. The parties desire to enter into this Amendment to extend the Outside Completion Date under the Lease and to make certain other modifications to the Lease as set forth herein.

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

1. Capitalized Terms. All capitalized terms used in this Amendment and not otherwise defined herein shall have the same meanings given to such terms in the Lease.

2. Extension of Outside Completion Date. Subsection 1.1.93 of the Lease is hereby amended in full to read as follows:

1.1.93 “Outside Completion Date” shall mean the later of (a) June 30, 2013, or (b) the fourth (4th) anniversary of the earlier of (i) the date of the Substantial Commencement of Construction of the Redevelopment Work, or (ii) the Anticipated Commencement Date

(as such Anticipated Commencement Date may be extended in accordance with the terms of Section 5.5 of this Lease).

3. Extension of Construction Schedule. Subsection 5.5.1 of the Lease is hereby amended in full to read as follows:

5.5.1 Substantial Commencement and Completion of Construction. It is a condition of this Lease that, except to the extent Lessee is prevented from so doing by the events identified in subsection 5.5.3, Lessee shall cause the Substantial Commencement of Construction for the Redevelopment Work to have occurred on or before July 1, 2010 (the "Anticipated Commencement Date"), and shall substantially complete the Redevelopment Work by the Outside Completion Date. For the purposes of this Lease, "Substantial Commencement" or "Substantial Commencement of Construction" means that physical construction work pertaining to the Redevelopment Work has been commenced and thereafter proceeds with diligence, provided that for this purpose the demolition work required for the commencement of excavation and new improvement construction shall qualify as physical construction work as long as such demolition work is performed on a diligent basis and is followed by excavation and new improvement construction work without interruption. The Anticipated Commencement Date and the Outside Completion Date will only be extended under the specific circumstances set forth in this Section 5.5, and under no other circumstances.

Lessee shall use good faith, diligent efforts to obtain construction financing for the Redevelopment Work as soon as reasonably possible. Lessee shall keep the Department apprised (on a monthly basis) of Lessee's efforts towards, and the status of, Lessee's receipt of construction financing for the Redevelopment Work. If Lessee is unable to obtain construction financing for the Redevelopment Work on commercially reasonable terms by not later than six (6) months prior to the Anticipated Commencement Date, then Lessee shall provide written notice to Department of such inability (the "Financing Delay Notice"). The Financing Delay Notice shall include an explanation and status of Lessee's efforts to obtain the construction financing, including potential financing sources and the terms and requirements applicable to any such potential financing sources. If (a) Lessee provides the Financing Delay Notice, (b) Lessee has exercised, and thereafter continues to exercise, its good faith, diligent efforts to obtain the construction financing, and keeps the Department apprised of such efforts as provided above, (c) Lessee continues to be unable to obtain the construction financing by the Anticipated Commencement Date, and (d) the reason for

Lessee's inability to obtain the construction financing is the continued existence of an Unreasonable Financial Market Condition (as defined below), then the Anticipated Commencement Date shall be extended for the period of time that Lessee is delayed in obtaining construction financing beyond the Anticipated Commencement Date set forth in the first paragraph of this subsection 5.5.1, as long as the conditions in clauses (b), (c) and (d) continue to be applicable during such period of delay. For purposes of this Lease, "Unreasonable Financial Market Condition" means an industry-wide commercially adverse condition, beyond Lessee's reasonable control, in the real estate construction lending market, such that, notwithstanding Lessee's exercise of good faith, diligent efforts, Lessee has been unable to secure construction financing for the Redevelopment Work on commercially reasonable terms and it would have been unlikely that any other apartment developer could have obtained such construction financing. In no event shall the Anticipated Commencement Date be extended under this subsection 5.5.1 for more than three (3) years beyond the Anticipated Commencement Date set forth in the first paragraph of this subsection 5.5.1. There shall be no extension of the Anticipated Commencement Date under this paragraph unless Lessee demonstrates to the reasonable satisfaction of Department that the requirements for such extension set forth herein have been met, including the occurrences, conditions or circumstances that constitute an Unreasonable Financial Market Condition. If Lessee and Department are unable to resolve any dispute as to whether an Unreasonable Financial Market Condition exists, whether the other requirements for an extension of the Anticipated Commencement Date under this paragraph have been satisfied, or as to the duration of the extension to which Lessee is entitled, the dispute shall be arbitrated pursuant to Article 16 of the Lease. Notwithstanding any contrary provision of this Lease, there shall be no extension of the Anticipated Commencement Date for any period during which Lessee is in breach or default under this Lease.

4. Construction Delays. Notwithstanding any contrary provision of Section 5.5 of the Lease, as modified by this Amendment, neither the Anticipated Commencement Date nor the Outside Completion Date shall be subject to extension for any act, omission, occurrence, condition, or circumstance (including without limitation a Force Majeure event or Unreasonable County Activity, if any) that first occurred or first arose prior to, or that otherwise exists as of, the date of this Amendment; provided, however, that this sentence shall not be applicable to an Unreasonable Financial Market Condition that hereafter exists even if such Unreasonable Financial Market Condition existed prior to, or exists as of, the date of this Amendment. Lessee represents and warrants to County that as of the date of this Amendment there is no threatened or anticipated delay in the

Substantial Commencement of Construction beyond the Anticipated Commencement Date of which Lessee is aware as of the date of this Amendment, except for any Unreasonable Financial Market Condition that might currently exist or hereafter arise. Notwithstanding any contrary provision of the Lease, no future Force Majeure delay under subsection 5.5.2 of the Lease shall commence until Lessee has provided County with written notice of the occurrence, condition or circumstance that constitutes a Force Majeure event; provided, however, that if Lessee provides written notice to County of a Force Majeure event within five (5) business days after the date that the occurrence, condition or circumstance that constitutes Force Majeure first occurs or arises, then the Force Majeure delay shall commence retroactive to the date that the Force Majeure event first occurred or arose.

5. Delay Caused by Injunction. Subsection 5.5.3.2 of the Lease is amended in full to read as follows:

5.5.3.2 Delay Caused by Injunction. Except as otherwise provided in subsection 5.5.3.3, if as of the Anticipated Commencement Date (as it may be extended as provided above) a regulatory body or agency has obtained an injunction preventing the commencement of construction, and the removal of such injunction constitutes the major remaining impediment to the commencement of construction, then the Anticipated Commencement Date shall be extended to thirty (30) days after the date upon which such injunction is dissolved, provided that (1) Lessee has exhausted and continues to exhaust all commercially reasonable efforts to obtain the dissolution of such injunction, and (2) the Anticipated Commencement Date is not extended to later than two (2) years after the date of the Anticipated Commencement Date set forth in the first sentence of subsection 5.5.1 above. The extension provided by this subsection shall be the only extension available in a situation where a regulatory body or agency has obtained such an injunction.

6. Final Redevelopment Work Plans and Specifications. The second sentence of subsection 5.1.1 of the Lease is hereby amended in full to read as follows:

Not later than eight (8) months prior to the Anticipated Commencement Date, Lessee shall submit for approval by Director six (6) complete sets of final plans and detailed specifications for the Redevelopment Work on the Premises (the "Final Plans"), together with one (1) set of appropriate structural computations, identical to those requested or required by the County Director of Public Works incident to the issuance of building permits under the relevant provisions of the Los Angeles County Building Code.

7. Payment For Extension of Construction Schedule. As partial consideration for County's agreement to an extension of the Anticipated Commencement Date and the Outside Completion Date, Lessee shall pay to County the sum of One Million Dollars (\$1,000,000.00) (the "Modification Payment"). The Modification Payment shall be paid by Lessee in four (4) annual installments of Two Hundred Fifty Thousand Dollars (\$250,000.00) each. The first installment of the Modification Payment shall be paid by Lessee concurrent with the parties' execution and delivery of this Amendment. Each of the remaining three installments of the Modification Payment shall be paid by Lessee on or before each of the first three (3) anniversaries of the date of this Amendment. The Modification Payment shall be treated as additional rent payable under the Lease. No interest shall accrue on the unpaid principal amount of the Modification Payment, provided that if any installment of the Modification Payment is not paid on or before the due date, then the terms and provisions of Section 4.5 of the Lease shall be applicable to such delinquent installment, and if any installment of the Modification Payment is not paid by Lessee on or before the due date and Lessee fails to cure such nonpayment within ten (10) days after written notice from County, then County shall have the right to declare all remaining unpaid amounts of the Modification Payment immediately due and payable.

8. Annual Minimum Rent. Subsection 4.2.3 of the Lease is hereby amended in full to read as follows:

4.2.3 Adjustments to Annual Minimum Rent. During the period commencing with the date of this Amendment and continuing until the date that is thirty-six (36) months following the earlier of the Completion Date or the Outside Completion Date (the "First Adjustment Date"), the Annual Minimum Rent shall be Six Hundred Thirty Thousand Dollars (\$630,000.00), payable in equal monthly installments of Monthly Minimum Rent in the amount of Fifty-Two Thousand Five Hundred Dollars (\$52,500.00) each. Effective on the First Adjustment Date and every three (3) years thereafter until the first Renegotiation Date, and effective on the (3rd) anniversary of each Renegotiation Date and every three (3) years thereafter until the next following Renegotiation Date (each an "Adjustment Date" and collectively the "Adjustment Dates"), the Annual Minimum Rent shall be adjusted to the amount which equals seventy-five percent (75%) of the average of the total annual rent that was payable by Lessee (including both Monthly Minimum Rent and Percentage Rent) to County under Section 4.2 of this Lease during the thirty-six (36) month period immediately preceding such Adjustment Date; provided, however, in no event shall the Annual Minimum Rent from and after the First Adjustment Date and prior to the first Renegotiation Date be less than Two Million Seven Hundred Ninety-Three Thousand Dollars (\$2,793,000.00) per year. Notwithstanding any contrary provision of the Lease, if the Lease is amended in accordance with the Reversion Amendment pursuant to subsection 5.5.3 of the Lease, the Reversion Amendment shall have no

retroactive effect on the Annual Minimum Rent payable under this subsection 4.2.3 of the Lease for the period prior to the date that County elects to amend the Lease in accordance with the Reversion Amendment (i.e., the Annual Minimum Rent payable by Lessee under this subsection 4.2.3 for any period prior to the date that County elects to amend the Lease pursuant to the Reversion Amendment shall remain fully payable by Lessee and no part thereof shall be refundable to Lessee).

9. No Abatement of Monthly Minimum Rent. Subsection 4.3.1 of the Lease is hereby terminated.

10. No Further Deferral of Percentage Rent. Notwithstanding any contrary provision of the Lease, there shall be no deferral of Percentage Rent under subsection 4.3.2 of the Lease for Percentage Rents attributable to periods after December 31, 2008. Any Percentage Rent that previously has been deferred for periods prior to January 1, 2009 shall be repaid to County in accordance with the terms and provisions of subsection 4.3.3 of the Lease, except that all references to "Outside Completion Date" in subsection 4.3.3 of the Lease are hereby amended to mean "June 30, 2010." If the Lease is amended by the Reversion Amendment pursuant to subsection 5.5.3 of the Lease, then notwithstanding any contrary provision of the Lease, the Deferred Rental Amounts under subsection 4.3.3 of the Lease (including any additional Deferred Rental Amount payable by Lessee pursuant to the next paragraph below) shall be immediately due and payable by Lessee to County as of the date that County elects to amend the Lease in accordance with the Reversion Amendment.

Lessee acknowledges and agrees that Parcel 12 Lessee and Lessee are jointly and severally obligated to pay to County the sum of \$261,046.00 for previous use of Parcel FF as a staging area (the "Staging Area Payment"). If the Staging Area Payment (plus interest at the rate of 7% per annum from and after October 1, 2008 to the date of payment) is not paid to County within thirty (30) days after the date of this Amendment, then the Staging Area Payment shall be treated as an additional Deferred Rental Amount taken by Lessee as of October 1, 2008, to be repaid by Lessee to County pursuant to subsection 4.3.3 of the Lease, as modified by the immediately preceding paragraph.

11. Definition of Completion Date. For purposes of clarification, a temporary certificate of occupancy shall trigger the occurrence of the Completion Date under subsection 1.1.24 of the Lease only if such temporary certificate of occupancy permits the occupancy of the apartment building to which it pertains.

12. Termination of Extension Fee Credits. Sections 2.3 and 2.4 of the Lease are hereby terminated.

13. Boater Displacement and Relocation Plan. Prior to taking any portion of the anchorage out of service to perform the Redevelopment Work, Lessee shall submit to Director, and obtain Director's approval (which approval shall not be unreasonably

withheld) of, a boater displacement and relocation plan for the anchorage located on the Premises.

14. Renovation of Anchorage in the Event of Reversion Amendment. The Redevelopment Work to be performed by Lessee pursuant to Section 5.1 of the Lease includes the replacement of the anchorage facilities located on the Premises. If County elects to amend the Lease in accordance with the Reversion Amendment pursuant to its rights under 5.5.3 of the Lease, then in lieu of the replacement of the anchorage facilities as part of the Redevelopment Work, Lessee shall be obligated to renovate the existing anchorage facilities to (a) satisfy the Maintenance Standard set forth in Section 10.1 of the Lease, and (b) comply with all then-applicable governmental laws, including without limitation, all then-current requirements of the Americans With Disabilities Act, as amended and interpreted by applicable governmental laws and regulations. The renovation work described in this paragraph shall not be performed by repairing, patching or replacing individual component parts or materials of deficient docks, gangways, or other improvements, but instead shall require the replacement of the entire dock, gangway or other improvement that includes the deficient component part, pursuant to a lawfully issued building permit and in a manner and pursuant to plans and specifications acceptable to Director. If the Lease is amended in accordance with the Reversion Amendment, Lessee shall (i) commence the anchorage facilities renovation work described in this paragraph (by the commencement of the preparation of required plans and specifications for the work and the filing and processing of applications for governmental permits) within thirty (30) days after the effective date of the Reversion Amendment, and (ii) diligently process and complete the renovation work in accordance with a schedule acceptable to Director that requires completion of the work as soon as reasonably possible, taking into consideration the requirements of Section 13 of this Amendment.

15. Deletion of Definitions. Subsections 1.1.10, 1.1.33, 1.1.34, 1.1.35, 1.1.54, 1.1.55, 1.1.124 and 1.1.126 are hereby deleted from the Lease.

16. No Other Modifications. Except as expressly set forth in this Amendment, all terms, conditions, and provisions of the Lease remain in full force and effect and are unmodified, and each of the parties reaffirms and acknowledges its respective obligations under the Lease as amended hereby. This Amendment constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes all previous correspondence or communications, whether written or verbal, pertaining thereto.

17. Encumbrance Holder Consent. Lessee represents and warrants to County that as of the date of this Amendment there are no deeds of trust, mortgages or other security interests that encumber Lessee's interest in the Lease or the Premises other than the "Deed of Trust" referenced in the Lender Consent attached to this Amendment. At County's election, this Amendment is conditioned upon (a) the accuracy of the foregoing representation and warranty, and (b) the execution and delivery by the beneficiary of such Deed of Trust not later than ten (10) days after the date of this Amendment of (i) the Lender Consent described above, and (ii) a Lender Consent in substantially the same

format in recordable form attached to the Memorandum of Amendment No. 1 to Amended and Restated Lease referenced in Section 20 below. If the foregoing conditions are not satisfied, then County shall have the right to declare this Amendment null and void and of no force or effect.

18. County Costs. Lessee shall promptly following written demand from County reimburse County for the Actual Costs (as defined in the Lease) incurred by County in the review, negotiation, preparation and documentation of the matters that are the subject of this Amendment, including any lender consent or estoppel certificate pertaining to the Lease or this Amendment.

19. Counterparts. This Amendment may be signed in counterparts. Each counterpart represents an original of this Amendment and all such counterparts shall collectively constitute one fully-executed document.

20. Memorandum of Amendment. Concurrent with the execution and delivery of this Amendment, County and Lessee shall execute a Memorandum of Amendment No. 1 to Amended and Restated Lease Agreement and cause same to be recorded in the Official Records of Los Angeles County, California.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, County and Lessee have entered into this Amendment
as of the date first set forth above.

COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

ESPRIT TWO LLC, a California limited liability
company

By: 
Douglas R. Ring, Manager

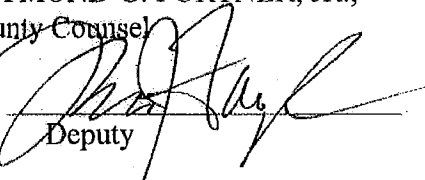
ATTEST:

SACHI HAMAI,
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: 

GUARANTORS' CONSENT

The undersigned, as "Guarantors" under that certain Guaranty of Lease dated Aug 31, 2003 ("Guaranty") concerning the "Lease" referenced in the foregoing Amendment No. 1 to Amended and Restated Lease Agreement (Parcel 15U - Marina del Rey) ("Amendment"), hereby consent to the Amendment and confirm that the Guaranty remains in full force and effect with respect to the Lease, as amended by the Amendment.


Douglas R. Ring

The Ring-Miscikowski Trust

By: 

Douglas R. Ring, Trustee

By: 

Cynthia A. Miscikowski, Trustee



To enrich lives through effective and caring service



Santos H. Kreimann
Director

Kerry Silverstrom
Chief Deputy

March 5, 2009

TO: Small Craft Harbor Commission

FROM: Santos H. Kreimann, Director

**SUBJECT: ITEM 5c – PRESENTATION OF MARINA DEL REY SLIP SIZING STUDY
AND SLIP VACANCY & PRICING STUDY**

Item 5c on your agenda is a presentation of the Marina del Rey Slip Mix Study being prepared for the Department by Ron M. Noble of Noble Consultants, Inc. and of the Marina Slip Vacancy & Pricing Study in preparation by Allan Kotin of Allan D. Kotin and Associates. Both gentlemen will be available to answer any questions you might have after their presentations.

SHK:GB:ks



To enrich lives through effective and caring service

March 5, 2009



Santos H. Kreimann
Director

Kerry Silverstrom
Chief Deputy

TO: Small Craft Harbor Commission

FROM: Santos H. Kreimann, Director

SUBJECT: **ITEM 6a - ONGOING ACTIVITIES REPORT**

BOARD ACTIONS ON ITEMS RELATING TO MARINA DEL REY

At its March 3, 2009 meeting, the Board held a hearing to review and, subsequent thereto, approved an amendment to the Rules and Regulations of various Los Angeles County Waterworks Districts, including District 29, which includes Marina del Rey. The amendment involves a Phased Water Conservation Plan to minimize the effects of an emergency water shortage on the Districts' customers. Such Plan clarifies the method of determining the Districts' water allocations to their customers during times of water shortages and updates the surcharges applied to customers who exceed their water allocations in order to recover the higher cost to the Districts for water purchases in excess of the Districts' water allocations. The surcharges will only be applicable when the Board declares a water shortage and, therefore, implements the Phased Water Conservation Plan.

For further information about the Phased Water Conservation Plan for Waterworks District 29, interested parties may contact Adam Ariki, Assistant Deputy Director for the Waterworks District, at 626.300.3300.

At its February 17, 2009 meeting, the Board of Supervisors approved a Marina Local Coastal Program (LCP) amendment that addressed the roles and responsibilities of the Design Control Board (DCB) and the Regional Planning Commission (RPC). Specifically, the LCP amendment modifies the scope of the DCB's review of a Marina project, such that the DCB will review projects for visual compatibility with the Marina, including architecture, landscaping, and signage, and for consistency with the *Specifications and Minimum Standards of Architectural Treatment and Construction*, the *Statement of Aims and Policies*, and the *Revised Permanent Sign Controls and Regulations*. Additionally, the LCP amendment requires the DCB to complete its conceptual review of a project and make recommendations to the RPC within 120 days of a coastal development application being filed with the Regional Planning Department. Finally, the amendment provides that the DCB conduct a final review of a project's architectural design (i.e., materials, colors, landscaping and signs) after the RPC has made its final decision on the project's land use entitlements and site plan.

REGIONAL PLANNING COMMISSION'S CALENDAR

There are no Marina del Rey matters scheduled for consideration by the Regional Planning Commission.

DREDGING UPDATE

The U.S. Army Corps of Engineers (Corps) has now dredged several thousand cubic yards of contaminated material out of the south entrance, which has undergone the sand separation process. This clean sand extracted in that process has been tested to determine its suitability for placement on the beach and, the environmental agencies have given their tentative approvals to place the cleaned sand in the upper, dry area of Dockweiler Beach. Further testing and evaluation of the sand separation process are continuing to determine at what point the plant can run on a regular basis to produce sand for placement along the shoreline. If all the tests are successful, then the dredging operation will continue in the time remaining to dredge as much of the targeted 52,000 cubic meters (68,000 cubic yards) of sediment as possible from the south entrance area. To accomplish this, we are exploring extending the time for the Corps to continue this operation until May. The dredging project to date has had no significant navigational impacts on the south entrance.

VENICE PUMPING PLANT DUAL FORCE MAIN PROJECT UPDATE

We reported last month that the City of Los Angeles staff had agreed to delay presenting the Environmental Impact Report (EIR) to the full City Council for approval and that the County had asked the City to revise and recirculate the EIR. City's staff is awaiting instructions from the Council office on how to respond to the County's request. The traffic study of the anticipated traffic impacts the project will have on both the Pacific Avenue and Via Marina alignments is expected to be completed in early April. Based on that study, the City will determine whether there needs to be revisions to the traffic section of the EIR. If revisions are, in fact, needed, the EIR would be recirculated.

REDEVELOPMENT PROJECT STATUS REPORT

The updated Marina del Rey Redevelopment Projects Description and Status of Regulatory/Proprietary Approvals report is attached.

UNLAWFUL DETAINER ACTIONS

For the month of February 2009, the Parcel 28 (Mariners Bay) lessee reported that it took action to evict three boat slip tenants, all for non-payment of rent. There were no unlawful detainer actions reported by others.

DESIGN CONTROL BOARD MINUTES

The minutes from the Design Control Board's January and February meetings have not been approved.

SHK:ks

Attachments

**Marna del Rey Redevelopment Projects
Descriptions and Status of Regulatory/Proprietary Approvals
As of February 11, 2009**

Project No. / Project Name	Project Representative	Redevelopment Proposed	Missing and Pending	Status	Regulatory Matters
1 1243 - Marna del Rey Town Center (partial floors)	Mike Brunard	• Complete renovation and steel replacement	No changes	Proprietary - Term sheet under negotiation Regulatory - To be determined	
2 14 - Pier 44	Michael Farnell/ David Tahan	• Built 3 new visitor-serving commercial and 4 storage buildings • 11,790 sq. ft. visitor-serving commercial space • 165 shops, 3 and two and 24 dry storage spaces	Missing - Four new visitor-serving commercial buildings; maximum 36' tall and one dry stack storage building, 65'5" tall, 77.5' (total) feet were submitted (239.71 required) Parking - 36 in public parking spaces will be provided with shared parking agreement (402 parking spaces are required)	Proprietary - Term sheet under negotiation Regulatory - Initial DCB review during the October 2008 meeting. Item was continued and is pending a second review	
3 3250 - West Coast Mall Retail Mall Development	Jeff Pence	• 567,000 sq. ft. retail space, including • 300,000 sq. ft. retail space • 267,000 sq. ft. retail space	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	LCF amendment to allow increased use and to transfer Public Facility use to another parcel
4 3550 - West Coast Mall Retail Mall Development	Michael Farnell/ David Tahan	• 123,000 sq. ft. retail space • 35,000 sq. ft. retail space • 88,000 sq. ft. retail space	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	LCF amendment to allow increased use and to transfer Public Facility use to another parcel
5 164 - Villa Venetia/ Lyon Capital	Frank Sargent/ Mark K. Kelly	• 279-unit residential complex (includes 363 apartments and 316 condominium units) • 9,000 square feet accessory retail space • 15,000 square feet accessory retail space • 15,000 square feet accessory retail space • 15,000 square feet accessory retail space • 15,000 square feet accessory retail space	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	Shared parking, analysis
6 1 - Marina del Rey Landing/ Marina del Rey Hotel	Greg Schuman	• New four-story hotel with high-speed ramp and automobile payment • 150-room hotel with 100 guest rooms and 100 guest rooms • 150-room hotel with 100 guest rooms and 100 guest rooms • 150-room hotel with 100 guest rooms and 100 guest rooms	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	
7 7 - Tahiti Marina	Kenneth Haktan	• Building rehabilitation and relocating landscape, building, and trees • Building rehabilitation and relocating landscape, building, and trees • Building rehabilitation and relocating landscape, building, and trees	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	
8 8 - Ray Club/Deer Mountain	David Nigdel	• Building rehabilitation and relocating landscape, building, and trees • Building rehabilitation and relocating landscape, building, and trees • Building rehabilitation and relocating landscape, building, and trees	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	
9 109F - Nippon Maru/ Laguna Partners	Sean Melchior	• 250 apartments • 160-unit marina, 7 end-lanes • 24 foot-wide water front promenade • Requirement of public parking both on and off site	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	LCF amendment to allow payments on Parcel 1F Parking permit to allow 100 replacement public parking spaces Transfer component Transfer component
10 10 - Westin suite Hotel and Westin Downtown Westin Hotels	Jack Hies	• 10-story, 280-room hotel (152 hotel rooms and 126 minutes suite) • New public transient deck • New public transient deck • New public transient deck	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	
11 10701 - The Shores/ Del Reg Stores	David Leitch	• 54-unit apartment complex • 10 new public parking spaces	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	
12 5501S - Marina West Shopping Center/Golf Court	Michael Farnell/ David Tahan	• 72-unit apartment complex • 10,000 square foot restaurant • 22,400 square foot commercial space • Gateway parking on Parcel 11.5	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	
13 145 - Marina International Hotel Hotel Hotel	Mike Brunard	• Complete renovation	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	
14 OT - Admiralty Court/ Columbia and Kestel Interiors	John Goshoff/ Shannon Goshoff	• 14-unit senior retirement facility • 5,000 square foot retail space • Replacement public parking both on and off site • Public accessory from Washington to Admiralty	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	LCF amendment to allow proposed use Parking permit to allow 100 replacement public parking spaces Transfer component Transfer component
15 330R - The Waterfront Janes	Ed Craker/Duck Janes	• 302 apartments • 32,400 square foot restaurant/retail space • Rooftop observation deck • Replacement public parking both on and off site	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	LCF amendment to allow proposed use Parking permit to allow 100 replacement public parking spaces Transfer component Transfer component
16 37 - Jamaica Bay Inn/ Piedra Hotel	Mike Brunard	• 60 additional hotel rooms • Restore balance of property • Marina Beach Promenade	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	
17 11 - Marriott Residence Inn/ Piedra Hotel	Mike Brunard	• 141-room hotel • Replacement public parking both on and off site • Marina Beach Promenade	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	
18 21 - Holiday Harbor Court/ California and Kestel Interiors	John Goshoff/ Shannon Goshoff	• 302 apartments • 32,400 square foot restaurant/retail space • Rooftop observation deck • Replacement public parking both on and off site	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	
19 19 - Admiralty Court/ Department of Fisheries and Wildlife (Admiralty area being considered)	N/A	• 25,000 square-foot County administration building	Missing - 17' high light storage building partially over water and parking with view corridor Parking - All parking required of the project to be located on site, public parking to be replaced on Parcel 50	Proprietary - Term sheet approved by BOS on July 2008, 38717, approved Option March 2007, BOS approved Option May 2009 Regulatory - DCB conceptual approval October 2006, Regional Planning application filed December 2006	See Item 12 above

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Note: Height information for projects will be shown as information becomes available.