EXECUTIVE OFFICE – BOARD OF SUPERVISOR

AGENDA ENTRY

DATE OF MEETING:	09/15/09
DEPARTMENT NAME:	Beaches and Harbors
BOARD LETTERHEAD	Department
SUPERVISORIAL DISTRICT AFFECTED	4th
VOTES REQUIRED	3 Votes
CHIEF INFORMATION OFFICER'S RECOMMENDATION	N/A

***** **ENTRY MUST BE IN MICROSOFT WORD** *****

The Lease for Parcel 18R requires County consent for any change in equity partners. The Parcel 18 Lessee (Dolphin Marina, Ltd.) is requesting the County's consent to an assignment of its general partnership interests to facilitate the refinancing of the current loan on the Parcel 18R leasehold. The general partners of Dolphin Marina, Ltd. are two trusts which each hold 25 percent interest in Dolphin Marina, Ltd. Dolphin Marina, Ltd. in connection with a proposed refinancing of the leasehold, wishes to convert 24.5 percent of the general partner interest in each trust into a limited partner interest, and to transfer the remaining .50 percent general partner interest in each trust to a limited liability corporation.

Recommendation:

1. Find the approval of the proposed assignment of general partnership interest of Lease No. 7580 affecting the leasehold interest of Parcel 18R is categorically exempt under the provisions of the California Environmental Quality Act pursuant to Classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines.
2. Approve and authorize the Chairman to sign the attached Consent to Assignment of General Partnership Interest for Parcel 18R.

To enrich lives through effective and caring service

September 15, 2009

Los Angeles County
Department of Beaches & Harbors

Santos H. Kreimann
Director

Kerry Silverstrom
Chief Deputy

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

Dear Supervisors:

CONSENT TO ASSIGNMENT OF GENERAL PARTNERSHIP INTERESTS
PARCEL 18R—MARINA DEL REY—DOLPHIN MARINA
(FOURTH DISTRICT) (3 VOTES)

SUBJECT

Request for approval of Consent to Assignment of General Partnership Interests in the Parcel 18R leasehold, thus facilitating a refinance of the existing loan on the leasehold.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the approval of the proposed assignment of general partnership interests of Lease No. 7580 affecting the leasehold interest of Parcel 18R is categorically exempt under the provisions of the California Environmental Quality Act pursuant to Classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines.

2. Approve and authorize the Chairman to sign the attached Consent to Assignment of General Partnership Interests for Parcel 18R.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Marina del Rey leases provide that the County's consent is required on most lease assignments, including those in which there is a change in equity partners of a lessee. The County's consent may not be unreasonably withheld. The Parcel 18R Lessee, Dolphin Marina, Ltd., is requesting the County's consent to an assignment of its general partnership interests to facilitate the refinancing of the current loan on the Dolphin Marina leasehold.

The lease requires the County to review the following criteria before issuing its assignment consent: (i) transferee has sufficient financial worth, (ii) terms of transfer will not adversely affect leasehold, (iii) transfer will have no adverse impact to Marina del Rey, (iv) transferee does not have interests that violate any policy regarding economic concentration, (v) transferee has experience managing improvements, and (vi) transfer shall comply with

County policies and ordinances. Because this assignment only entails the change of the general partners from trusts to limited partnerships rather than a true sale, the transferee is in essence the same entity, Dolphin Marina, Ltd. Each of the above criteria, therefore, will be met because Dolphin Marina, Ltd. is not changing its operations or management of the leasehold, rather it is only changing its internal structure for refinancing purposes.

Implementation of Strategic Plan Goals

The recommendation is consistent with the County's Strategic Plan Goal #1, "Operational Effectiveness", Strategy #2, "Service Excellence and Organizational Effectiveness", as it allows the transfer of the leasehold interest to accommodate completion of a loan refinancing while maintaining appropriate management of the leasehold.

FISCAL IMPACT/FINANCING

There is no financial impact to the County as a result of the proposed assignment of general partnership interests.

Operating Budget Impact

There will be no impact to the operating budget of the Department of Beaches and Harbors.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The lease for Parcel 18R dated October 25, 1963 was extended by Amendment No. 10 for an additional 39 years to June 30, 2062. The leasehold improvements include a 424-slip anchorage, a 204-unit apartment building, a separate 68-unit apartment building, a separate 60-unit senior apartment building, and a 201-seat restaurant.

The general partners of Dolphin Marina, Ltd. are the Goldrich Trust No. 1 and the Kest Trust No. 1, which each hold a 25 percent interest in Dolphin Marina, Ltd. Dolphin Marina, Ltd., in connection with a proposed refinancing of the leasehold, wishes to convert 24.5 percent of the general partner interest in each trust into a limited partner interest and to transfer the remaining .50 percent general partner interest in each trust to the Alta Group GP, LLC and the Second Street Group GP, LLC, respectively.

Because Dolphin Marina, Ltd. needs the County's consent to meet its refinancing deadline by mid September, waiting to present the matter to the Small Craft Harbor Commission and then submitting the matter for the Board's consideration would cause Dolphin Marina, Ltd.

to miss its refinancing deadline. Commission recommendation is not a legal prerequisite to your Board's consideration of this matter, and this assignment of general partnership interests has met the assignment consent criteria as set forth in the lease. We, therefore, recommend your Board consent to the proposed assignment at this time.

ENVIRONMENTAL DOCUMENTATION

The approval of the proposed assignment of the general partnership interests is categorically exempt under the provisions of the California Environmental Quality Act pursuant to Classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services or projects.

CONCLUSION

Please have the Chairman execute three copies of the Consent to Assignment of General Partnership Interests and instruct the Executive Officer of the Board to acknowledge the Chair's signature. Please return two executed copies of the Consent to Assignment of General Partnership Interests to the Department, retaining one executed copy for your files.

Respectfully submitted,

Santos H. Kreimann, Director

SHK:ks

Attachments (1)

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

CONSENT OF COUNTY OF LOS ANGELES TO ASSIGNMENT OF GENERAL PARTNERSHIP INTERESTS IN LIMITED PARTNERSHIP

WHEREAS, the COUNTY OF LOS ANGELES ("County") is the lessor and DOLPHIN MARINA, LTD., a California limited partnership ("Dolphin Marina"), is the lessee of that certain real property, located in the Marina del Rey Small Craft Harbor, commonly known as Parcel 18R more particularly and legally described in Exhibit "A," attached hereto, under that certain lease No. 7580 (the "Lease"); and

WHEREAS, Dolphin Marina became the lessee under the Lease through assignment on April 22, 1966 and the general partners of Dolphin Marina are the Goldrich Trust No. 1 ("Goldrich Trust") and the Kest Trust No. 1 ("Kest Trust"), which each hold a 25 percent interest in Dolphin Marina; and

WHEREAS, in connection with the refinancing of its current loan, Dolphin Marina seeks the consent of the County to the conversion of 24.5 percent of the general partner interest of the Goldrich Trust in Dolphin Marina into a limited partner interest, with the remaining general partner interest being 0.50 percent, and 24.5 percent of the general partner interest of the Kest Trust in Dolphin Marina into a limited partner interest, with the remaining general partner interest being 0.50 percent; and

WHEREAS, Dolphin Marina further seeks the County's consent to the assignment of the general partner interest of the Goldrich Trust in Dolphin Marina to Alta Group GP, LLC ("Alta") and the general partner interest of the Kest Trust in Dolphin Marina to Second Street Group GP, LLC ("Second Street"); and

WHEREAS, the Goldrich Trust is the sole member of Alta and the Kest Trust is the sole member of Second Street; and

WHEREAS, the County is prepared to render its formal consent to the above-referenced conversions and assignments on the following conditions:

NOW, THEREFORE, in consideration of the foregoing and in accordance with Section 22 of the Lease:

1. The County hereby consents to the conversion of 24.5 percent of the general partner interest of the Goldrich Trust in Dolphin Marina into a limited partner interest, with the remaining general partner interest being 0.50 percent; conversion of 24.5 percent of the general partner interest of the Kest Trust in Dolphin Marina into a limited partner interest, with the remaining general partner interest being 0.50 percent; assignment of the general partner interest of the Goldrich Trust in Dolphin Marina to Alta; and assignment of the general partner

interest of the Kest Trust in Dolphin Marina to Second Street, subject to the following conditions:

a. The conversions and assignments shall become effective within 120 days of the date that the County's consent is given herein.

b. An executed copy of the documents memorializing the conversions and assignments must be provided to County's Director of Beaches and Harbors prior to this Consent becoming effective.

c. Alta and Second Street covenant, promise and agree, in their capacity as general partners of Dolphin Marina and to the fullest extent provided by law, to be fully bound by all of the terms and provisions of the Lease, and further agree, in their capacity as general partners of Dolphin Marina and to the fullest extent provided by law, to assume all obligations, past, present and future, created by the terms, covenants and conditions of the Lease on the part of the lessee therein named to be performed.

d. No further assignment or deemed assignment, as described in Section 22 of the Lease, shall be made without the written consent of the County having first been obtained thereto in accordance with the provisions of said Section 22.

Dated: September____, 2009

ATTEST:

SACHI A. HAMAI,
Executive Officer of
the Board of Supervisors

By: ____________________
Deputy

COUNTY OF LOS ANGELES

By: ____________________
Chairman, Board of Supervisors

APPROVED AS TO FORM

ROBERT E. KALUNIAN
Acting County Counsel

By: ____________________
Deputy

LEGAL DESCRIPTION

Marina Del Rey
Lease Parcel No. 18R

Parcels 226 to 244 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, recorded in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said county.

Reserving and excepting therefrom unto the County of Los Angeles easements for sanitary sewer, fire access, storm drain and harbor utility purposes over those portions thereof designated on said map to be reserved by said county for such purposes.

DESCRIPTION APPROVED
August 17, 1966
JOHN A. LAMBIE
County Engineer

By Edgar Sukutsk Deputy