Los Angeles County
Beaches & Harbors
Caring for Your Coast

To enrich lives through effective and caring service

February 2, 2004

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:

APPROVAL OF FIRST AMENDMENT TO OPTION AGREEMENT FOR LEASES NO. 6734 AND 11140
PARCELS 44U (PIER 44) AND 77W (77 DEL REY) - MARINA DEL REY
(4th DISTRICT)
(3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and authorize the Chair to sign the attached FIRST AMENDMENT TO OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Amendment") FOR LEASES NO. 6734 (Parcel 44U) and 11140 (Parcel 77W), MARINA DEL REY (Exhibit A) granting an extension of the time in which the County may exercise its rights and options, upon payment of the stated option prices, to acquire full use of Parcel 77W and a portion of Parcel 44U.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County is the lessor of ground leases for Parcels 44U and 77W, each of which were originally entered into for terms of sixty years and which have remaining lease terms of nineteen (19) and twenty-two (22) years, respectively. Pacific Marina Venture, LLC, a Delaware limited liability company (Lessee), is the current lessee of both parcels.

On February 24, 2003, your Board approved and authorized an option agreement (Agreement) with the Lessee for the County to obtain purchase options which will

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Stan Wisniewski Director • Kerry Gottlieb Chief Deputy

terminate all of Parcel 77W lease and a portion of the Parcel 44U lease in order that the County may utilize all or portions of these parcels for the intended Chace Park expansion and significant boating and visitor-serving development.

The term of the Agreement is set to expire on February 24, 2003. The County is engaged in planning for the Mindanao peninsula area, including the areas covered by the Agreement, and Lessee is engaged in detailed planning for development of a hotel and related facilities on its remaining portion of Parcel 44U not covered by the Agreement. As part of such planning, the Lessee has asked County to consider, and the County is willing to cooperate towards accomplishing, the development of a parking facility on a portion of County's Parcel 49 located near the southerly corner of Mindanao and Admiralty Ways, which would provide parking to serve both the expansion of Chace Park and the proposed hotel and retail development on Parcel 44U. The Lessee and County each require additional time to complete planning for both projects prior to the County's being able to make its determination whether or not to exercise its option(s) under the Agreement. The Lessee has, accordingly, agreed to extend the date, at no cost to the County, by which the County must give notice of its intent to exercise its option(s) under the Agreement from February 24, 2004, to the earlier to occur of June 30, 2005 or ten business days after the date Lessee and County shall have executed and delivered an Option to Amend Lease Agreement relating to a restated and extended lease for Parcel 44U.

Implementation of Strategic Plan Goals

The proposed action promotes and furthers the Board-approved Strategic Plan Goal of Service Excellence, in that it provides the County additional time to plan and the ability to offer a site for expansion of the adjacent Chace Park facilities and enhanced areas for expanded boating and visitor-serving development. These goals are furthered through proactive implementation of the Marina del Rey Asset Management Strategy, toward both revenue maximization and property redevelopment.

FISCAL IMPACT/FINANCING

There is no cost to the County as a result of the requested Amendment providing an

extension of time to exercise the Agreement.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Agreement, approved by your Board on February 24, 2003, granted the County options to purchase (buy out the remaining term) and terminate the Parcel 77W lease and a portion of the Parcel 44U lease, giving the County complete control of both areas and thereby allowing the County to provide for planned expansion of Chace Park and for expanded boating and visitor-serving development. The requested Amendment extends the time, at no cost to the County, by which the County may choose to exercise its option(s) to purchase.

The term of the options commenced upon February 24, 2003, the date of Board approval, and will expire on February 24, 2004, the first anniversary of such date ("Expiration Time"), unless the County has exercised the option(s) or the time of exercise is extended. The requested Amendment will extend the Expiration Time during which the County may exercise its options to the earlier of June 30, 2005 or ten days after the date the Lessee and County shall have executed and delivered an Option to Amend Lease Agreement relating to a restated and extended lease for Parcel 44U and, likewise, continue the County's right to specify a later date for closing and payment to any time within two years of exercise of the option(s). County will then have the right, but not the obligation, to exercise the option(s) at any time prior to the extended Expiration Time.

Under the terms of the Amendment, all terms of the current Agreement, except for an extension of the date of exercise of the County's options to purchase will remain the same.

The Small Craft Harbor Commission is scheduled to consider the Amendment at its meeting of February 10, 2004, and we will advise your Board of the Commission's recommendation prior to your consideration of the Amendment. The Amendment has been approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

Entering into the Amendment does not presently authorize the purchase and termination of the two leaseholds, or portions thereof, nor does it presently authorize any development on the properties. Exercise of the option(s), if at all, and/or the construction of replacement boater shower and restroom facilities will be in connection with a development plan that is not currently known. Such development, if pursued, will be preceded by full preparation of the appropriate environmental documentation.

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/Clerk 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:rm
Attachments (3)

c: Chief Administrative Officer

Executive Officer, Board of Supervisors
County Counsel

EXHIBIT A

FIRST AMENDMENT TO OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS

(County Lease No. 11140; Parcel 77W – Marina del Rey)
(County Lease No. 6734; Parcel 44U – Marina del Rey)

THIS FIRST AMENDMENT TO OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("**First Amendment**") is made as of February 24, 2004, between **PACIFIC MARINA VENTURE, LLC,** a Delaware limited liability company ("**Lessee**"), and **COUNTY OF LOS ANGELES** ("**County**"), with reference to the following facts:

RECITALS

A. All capitalized terms in this First Amendment shall have the meanings given such terms in the Agreement (defined hereinafter), except where specifically defined herein. County is the lessor and Lessee is the lessee under each of the Parcel 44 Lease and the Parcel 77 Lease, pursuant to which Lessee leases from County certain land and water located in the Marina del Rey Small Craft Harbor. County and Lessee entered into that certain Option Agreement and Joint Escrow Instructions made as of February 25, 2003 (the "Agreement") whereby Lessee granted County rights to acquire certain real property interests as more specifically provided in the Agreement.

B. County is engaged in development planning for the Mindanao peninsula area, including various public and private facilities to be constructed thereon, and Lessee is engaged in detailed development planning for a hotel and related retail facilities on Parcel 44. As part of such planning, Lessee has asked County to consider, and County is willing to cooperate towards accomplishing, the development of a parking facility on a portion of County's Parcel 49 located near the southerly corner of Mindanao Way and Admiralty Way which would

provide additional parking to serve the hotel and retail development on Parcel 44 as well as additional parking for Chace Park. The parties need additional time to complete the planning for both projects prior to the County's being able to make its determination whether or not to exercise its options under the Agreement.

NOW, THEREFORE, with reference to the foregoing Recitals 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 2.2 of the Agreement is hereby amended and restated in its entirety as follows:

   "2.2 Term. The term of the Options shall commence on the Effective Date and shall expire at 5:00 p.m., Los Angeles time, on the earlier to occur of (i) June 30, 2005 or (ii) ten (10) business days after the date Lessee and County shall have executed and delivered the Option to Amend Lease Agreement granting Lessee the right to extend the term of the Parcel 44 Lease (the "**Expiration Time**") unless County has delivered an Exercise Notice as provided in Section 2.3."

2. 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:

PACIFIC MARINA VENTURE, LLC

By: Michael Parhate
Name: MICHAEL PARHATE
Title: managing member

By: David Tabaal
Name: DAVID TABAAL
Title: MANAGING MEMBER

COUNTY:

COUNTY OF LOS ANGELES

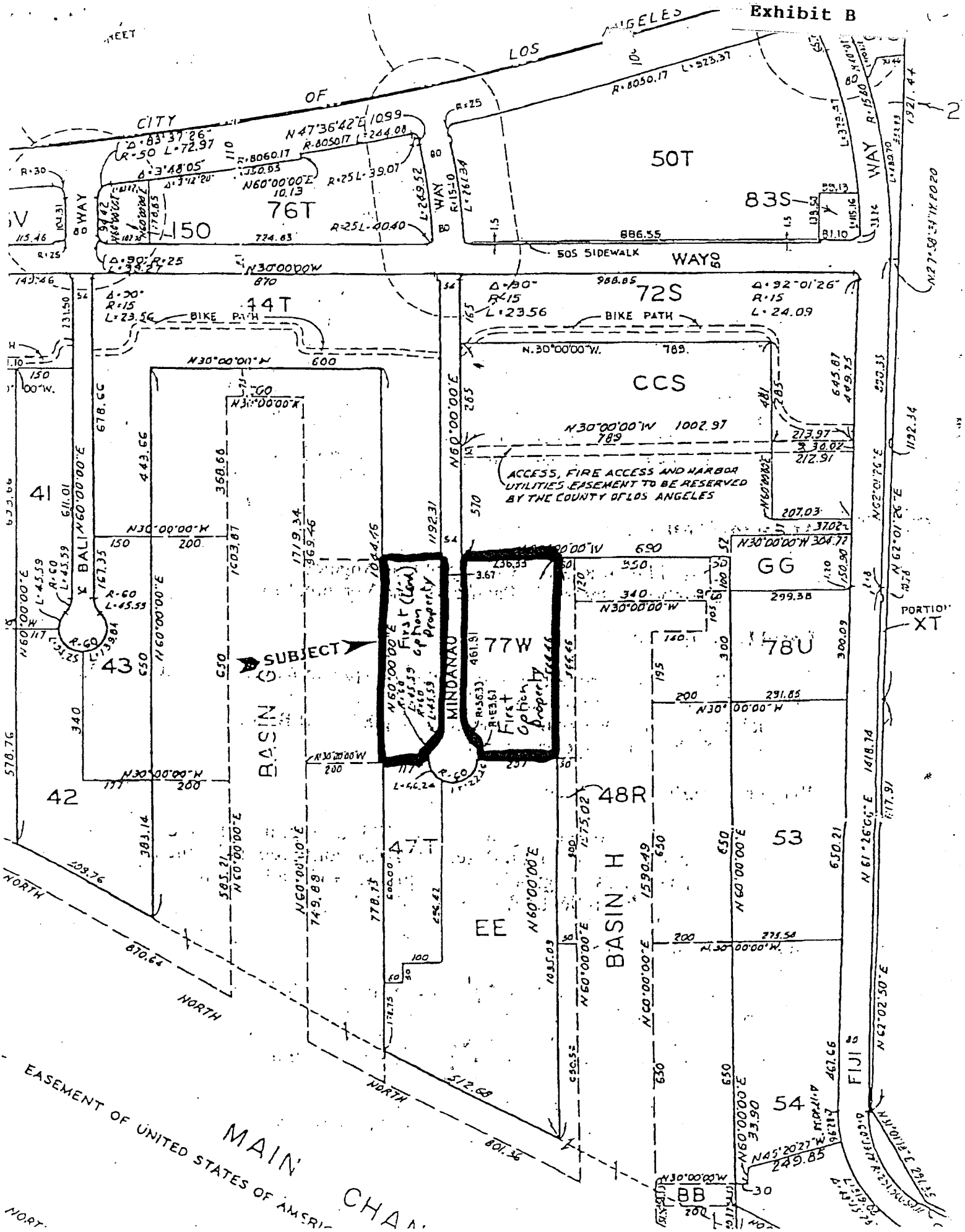
By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By: _____
Deputy

Exhibit B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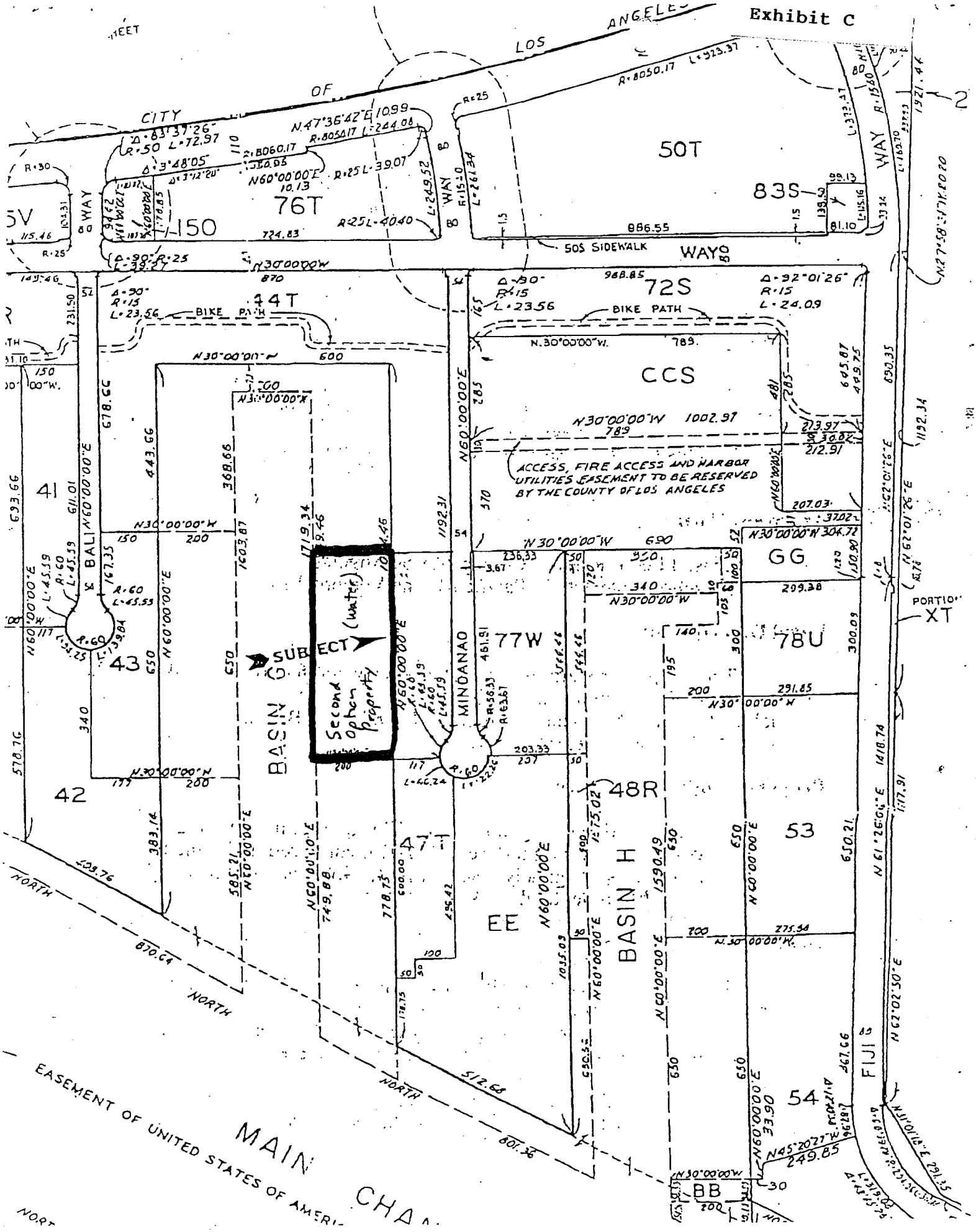
ACCESS, FIRE ACCESS AND HARBOR UTILITIES EASEMENT TO BE RESERVED BY THE COUNTY OF LOS ANGELES
SUBJECT
First (Land) Option Property
First Option Property
PORTION XT
NORTH
EASEMENT OF UNITED STATES OF AMERICA
MAIN CHAN

Exhibit C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SUBJECT
Second Option Property (water)
ACCESS, FIRE ACCESS AND HARBOR UTILITIES EASEMENT TO BE RESERVED BY THE COUNTY OF LOS ANGELES
BIKE PATH
50S SIDEWALK
WAY
NORTH
EASEMENT OF UNITED STATES OF AMERI
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