

Caring for Our Coast

• • •
Gary Jones
Director

Kerry Silverstrom
Chief Deputy

Amy M. Caves
Deputy Director

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

35 February 9, 2021

CELIA ZAVALA
EXECUTIVE OFFICER

February 09, 2021

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:

**CONSENT TO ASSIGNMENT AND APPROVAL OF AMENDMENT NO.14 TO LEASE NO. 5601
CATALINA YACHT ANCHORAGE (PARCEL 41) – MARINA DEL REY
(FOURTH DISTRICT) (4 VOTES)**

SUBJECT

This Board letter requests the Board's consent to the proposed assignment of Lease Agreement No. 5601 (Lease) for Parcel 41 in Marina del Rey from the current lessee, Wesco Sales Corp., a California corporation (Lessee) to CAH Marina I, LLC, a California limited liability company and additionally to amend the Lease to extend the lease term by five years.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed actions are exempt from the California Environmental Quality Act (CEQA) because such actions do not constitute a project pursuant to Sections 15378(b)(5) of the CEQA Guidelines.
2. Consent to the proposed assignment of the Parcel 41 Lease to CAH Marina I, LLC, a California limited liability company.
3. Approve and authorize the Chair of the Board to sign the attached Amendment No. 14 to Lease No. 5601 pertaining to the extension of the lease term.
4. Authorize the Director of Beaches and Harbors to execute any consents, estoppels, and related documentation, approved as to form by County Counsel, necessary to effectuate the assignment of the Parcel 41 Lease.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Commonly known as Catalina Yacht Anchorage, Parcel 41 is improved with two one-story buildings totaling 2,085 square feet and 148 boat slips on 2.35 acres of land and 3.18 acres of water in Marina del Rey. The 60-year ground lease between the County and the lessee was executed in 1962, and expires on May 31, 2022.

Lessee is requesting County's consent to assign its leasehold interest in Parcel 41 to CAH Marina I, LLC, a California limited liability company ("Assignee"). Pursuant to the terms of the Lease, the Lessee must obtain the County's consent to the proposed assignment of the Lease, but such consent may not be unreasonably withheld.

Pursuant to that certain Department of Beaches and Harbors Policy Statement No. 23 – Assignments of Lease dated January 16, 1974, the County's decision whether to approve the proposed assignments shall be based on the following: a) the financial condition of the proposed assignee; b) the price to be paid for the leasehold as it relates to improvements or potential development thereon; and c) the management of the leasehold by the proposed assignee being in the best interest of the whole Marina.

The Department of Beaches and Harbors has reviewed the proposed assignment and has found that; a) the Assignee is affiliated with a portfolio of companies holding over 2.5 million square feet of commercial space with a multi-billion dollar value, and that Rick Caruso, its principal owner, has a published net worth of \$3.9 billion; b) the proposed sales price of \$2,500,000 for Parcel 41 appears to be justified based on an independent analysis by an economic consultant; and c) the proposed assignee's property management company, CARUSO MANAGEMENT COMPANY, Ltd., a California limited partnership, has requisite experience in managing and operating well-known Los Angeles area upscale properties, such as The Americana at Brand, The Grove, and Waterside, Marina del Rey.

The current Lease term is set to expire on May 31, 2022. The proposed Amendment No. 14 would extend the term by five years to May 31, 2027. This will allow the proposed assignee time to learn about the community as it considers a longer term proposal that more comprehensively outlines the plans to operate the property.

Implementation of Strategic Plan Goals

The recommended action will ensure the County maximizes use of County assets, guides strategic investments, and supports economic development, in ways that are fiscally responsible and align with the County's highest priority needs, all of which promote Strategic Plan Goal No. III.3.2 (Manage and Maximize County Assets).

FISCAL IMPACT/FINANCING

The proposed action will have no direct fiscal impact on the County, as the proposed transfer does not trigger any contractual obligation for the Lessee to pay a participation or other fee to County. The County will continue to receive the annual minimum rent as well as percentage rent during the extension period. As of June 1, 2020, the annual minimum rent was calculated at \$165,259, and is scheduled for another adjustment on June 1, 2023. All annual minimum rent adjustments shall either

increase the annual minimum rent or maintain it at the then-current amount.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

proposed assignment and have determined that the County has no reasonable basis on which to withhold its consent. No participation fee is due to the County under the term of the Lease.

Entering into leases of the County's Marina del Rey real property is authorized by Government Code section 25907 and 25536, and the proposed assignment is permitted by the Lease.

At its meeting on January 13, 2021, the Small Craft Harbor Commission unanimously endorsed the Director's recommendation that your Board consent to the assignment of the lease for Parcel 41 and the extension of the term.

ENVIRONMENTAL DOCUMENTATION

The proposed County consent action is not a project pursuant to the California Environmental Quality Act (CEQA) because such consent is an activity that is excluded from the definition of a project by Section 15378(b)(5) of the CEQA Guidelines. The proposed consent is an administrative activity of government which will not result in direct or indirect physical changes to the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services or projects.

CONCLUSION

It is recommended that your Board approve the proposed consent to assignment of Parcel 41 and to please have the Chair sign all three copies of the Amendment No. 14 to Lease No. 5601, and have the Executive Officer of the Board return two executed copies, as well as an adopted-stamped copy of this letter to the Department of Beaches and Harbors, 13787 Fiji Way, Marina del Rey, CA 90292. Should you have any questions please contact Kristal Ghil at (424) 526-7735 or kghil@bh.lacounty.gov.

The Honorable Board of Supervisors
2/9/2021
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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gary Jones". The signature is stylized with a large, looping initial "G" and a long horizontal stroke extending to the right.

GARY JONES
Director

GJ:AC:SP:SVG:kg

Enclosures

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



**STATEMENT OF PROCEEDINGS FOR THE
REGULAR MEETING OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF LOS ANGELES HELD VIRTUALLY IN
ROOM 381B OF THE KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, LOS ANGELES, CALIFORNIA 90012**

Tuesday, February 9, 2021

9:30 AM

35. Catalina Yacht Anchorage (Parcel 41) - Marina del Rey Lease Amendment

Recommendation: Consent to the proposed assignment of a lease for the Parcel 41 in Marina del Rey (4) to CAH Marina I, LLC; instruct the Chair to sign the lease amendment set to expire on May 31, 2022 to extend the term by five years through May 31, 2027; authorize the Director of Beaches and Harbors to execute any consents, estoppels and related documentation necessary to effectuate the assignment of the Parcel 41 lease; and find that the proposed actions are exempt from the California Environmental Quality Act. **(Department of Beaches and Harbors) 4-VOTES (21-0629)**

On motion of Supervisor Kuehl, seconded by Supervisor Mitchell, this item was duly carried by the following vote:

Ayes: 4 - Supervisor Mitchell, Supervisor Kuehl, Supervisor Barger and Supervisor Solis


Absent: 1 - Supervisor Hahn

Attachments: Board Letter
Public Comment/Correspondence

Agreement No. 5601, Supplement No. 14

The foregoing is a fair statement of the proceedings of the regular meeting, February 9, 2021, by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

Celia Zavala, Executive Officer
Executive Officer-Clerk
of the Board of Supervisors

By 

Celia Zavala
Executive Officer

AMENDMENT NO. 14 TO LEASE AGREEMENT
PARCEL 41 – MARINA DEL REY
(LEASE NO. 5601)

THIS AMENDMENT TO LEASE (“Amendment No. 14” or “Amendment”) is made and entered into this 9th day of FEBRUARY, 2021 (the “Effective Date”).

BY AND BETWEEN

COUNTY OF LOS ANGELES,
herein referred to as “County,”

AND

CAH MARINA I, LLC, a California limited liability company, hereinafter referred to as “Lessee.”

RECITALS:

WHEREAS, County and Lessee’s predecessor in interest entered into Lease No. 5601, dated May 18, 1962, as amended, under the terms of which County leased to Lessee’s predecessor in interest that certain real property located in the Marina del Rey Small Craft Harbor, County of Los Angeles, State of California, now commonly known as Parcel 41, which leasehold premises (the “Premises”) are more particularly described in Exhibit “A” attached to and incorporated in said lease, as amended (the lease and all amendments are collectively referred to as the “Lease”).

WHEREAS, County and Lessee desire to enter into this Amendment No. 14 to further amend the Lease, as set forth herein below, pursuant to the terms and conditions hereof.

NOW, THEREFORE, with reference to the foregoing Recitals and the covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, County and Lessee hereby agree as follows:

1. **Definitions.** All initially-capitalized terms used but not defined in this Amendment have the meanings given to such terms in the Lease.

2. **Amendment Conditions.** This Amendment shall be conditioned upon the consummation of the assignment by the current lessee under the Lease, Wesco Sales Corp., a California corporation (“Wesco”), of its leasehold interest, to Lessee (the “Assignment”), and upon the County’s written consent to the Assignment, in the form attached as Exhibit “B” hereto (the “Consent”) and incorporated herein by this reference. This Amendment shall be effective on the date (the “Effective Date”) on which said Consent is approved by the County.

3. **Extension of Term.** Pursuant to Section 2 of the Lease, the Term is set to expire on May 31, 2022. County and Lessee hereby agree to extend the Term by an

additional five (5) years (the “Interim Extension”), so that the Term will now expire on May 31, 2027. For the avoidance of doubt, said extension will not result in an extension of the Term beyond the ninety-nine (99) year limit imposed by California Government Code Section 37396(a). County and Lessee further agree that should the parties subsequently agree to an additional extension of the Lease, to begin after May 31, 2027 (“Long-term Extension”), County may assess an extension fee based upon the granting of the Interim Extension and any Long-term Extension. Notwithstanding the foregoing, nothing in this Section 3 and/or this Amendment shall be construed to obligate the County to further extend the Lease.

4. **Long Term Proposal.** During the term of the lease extension, County requests that Lessee explore options for a long term proposal for the Premises which will include, but not be limited to, the continued marina and anchorage uses. Accordingly, Lessee agrees to use commercially reasonable efforts to conduct an outreach process to engage and collect input from the community, boating community, civic leaders, and other stakeholders to assist Lessee in the formulation of, and determination of feasibility for, a long term proposal for the Premises. Lessee hereby also agrees to use commercially reasonable efforts to develop a proposal that comprehensively outlines improvement of and investment in the Premises, which efforts shall include without limitation, demonstration that a good faith effort has been made to pursue a long term proposal that is mutually acceptable to Lessee and County. Lessee will provide to County quarterly status updates describing the status of such efforts. Upon receipt of each of Lessee’s quarterly status updates, Lessee agrees to meet and confer with the County so that the County will have an opportunity to provide input and recommendations. Furthermore, as reasonably necessary to evaluate the feasibility of Lessee’s proposal, County shall also have the right to retain its own consultants. Lessee agrees to reimburse County for the out-of-pocket costs incurred by County for such consultants in accordance with a budget reasonably pre-approved by Lessee and County. Notwithstanding the provisions of this Section 4, by no later than the fourth (4th) anniversary of the Effective Date, Lessee agrees to submit to County a proposed development concept, including all uses, preliminary drawings, names of retained consultants, and proforma construction budget, etc.

5. **No Other Claims.** The Lease is in full force and effect. To Lessee’s knowledge, County has met and fulfilled all of its obligations under the Lease and is not in default under the Lease. To Lessee’s knowledge, there is no current defense, offset, claim or counterclaim by or in favor of Lessee against the County under the Lease. Furthermore, Lessee has no right to any concession (rental or otherwise) or similar compensation in connection with the Lease and Lessee’s renting of the Premises, except as expressly provided in the Lease. There has not been filed by or against Lessee a petition in bankruptcy, voluntary or otherwise, any assignment for the benefit of creditors, any petition seeking reorganization or arrangement under the bankruptcy laws of the United States or any state thereof, or any other action brought pursuant to such bankruptcy laws with respect to Lessee.

6. **Miscellaneous.**

6.1 **No Modification.** Except as referenced herein, the Lease has not been modified, amended or supplemented, and the Lease is and remains in full force and effect.

6.2 **Time of the Essence.** Time is of the essence with respect to this Amendment.

6.3 **Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of California without giving effect to the conflict of law principles of said state.

6.4 **No Waiver.** Except as expressly provided herein, County shall not be deemed by reason of its execution of this Amendment to have waived any terms or provisions of the Lease, including, without limitation, any default or Event of Default or any rights and remedies that County may have under the Lease, at law or in equity.

6.5 **Controlling Provisions.** In the event of any inconsistencies between the provisions of this Amendment and the provisions of the Lease, the provisions of this Amendment shall govern and prevail.

6.6 **Integration and Merger.** This Amendment, the Exhibits attached hereto, and all documents referenced in the Amendment to be executed by Parent or Principal in connection herewith, contain the entire agreement of County and Lessee regarding the modification of the Lease and supersede all prior agreements, term sheets and understandings between County and Lessee, whether written or oral, with respect to the modification of the Lease.

6.7 **Survival.** All representations and warranties contained in this Amendment shall be deemed to be material and shall survive the effectiveness of the modifications to the Lease contemplated by this Amendment.

6.8 **Further Assurances.** At either party's request, the other party shall promptly execute any other document or instrument and/or seek any consent or agreement from any third party that is reasonably necessary to evidence or carryout the intent of the parties, as set forth in this Amendment.

6.9 **Captions; Use of Certain Terms.** The Section titles and captions in this Amendment are for convenience only and shall not be deemed to be part of this Amendment. All pronouns and any variation or pronouns shall be deemed to refer to the masculine, feminine or neuter, as the identity of the parties may require. Whenever the terms referred to herein are singular, the same shall be deemed to mean the plural, as the context indicates, and vice versa.

6.10 **Incorporation of Exhibits.** All of the Exhibits referred to in and attached to this Amendment are incorporated herein by this reference.

6.11 Signature in Counterparts. This Amendment may be signed in any number of counterparts. Each counterpart shall represent an original of this Amendment, and all such counterparts shall collectively constitute one fully-executed document.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, County and Lessee have entered into this Amendment No. 14 as of the date first set forth above.

CAH MARINA I, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

By: 

Name: Rick Camso

Title: President, CAH Marina I, LLC

THE COUNTY OF LOS ANGELES

By: ORIGINAL SIGNED
HILDA L. SOLIS,
Chair, Board of Supervisors

ATTEST:

CELIA ZAVALA,
Executive Officer-Clerk of the
Board of Supervisors

By: ORIGINAL SIGNED
Deputy

APPROVED AS TO FORM:

RODRIGO CASTRO-SILVA
County Counsel

By: ORIGINAL SIGNED
Deputy

IN WITNESS WHEREOF, County and Lessee have entered into this Amendment No. 14 as of the date first set forth above.

CAH MARINA I, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

By: ORIGINAL SIGNED

Name: _____

Title: _____

THE COUNTY OF LOS ANGELES



By: Hilda L. Solis
HILDA L. SOLIS,
Chair, Board of Supervisors

ATTEST:

CELIA ZAVALA,
Executive Officer-Clerk of the
Board of Supervisors

By: _____
Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

APPROVED AS TO FORM:

35 WORLD FEB 9 2021

RODRIGO CASTRO-SILVA
County Counsel

Celia Zavala
CELIA ZAVALA
EXECUTIVE OFFICER

By: _____
Deputy