

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: City Manager – Approve Landlord Estoppel Certificate and Agreement for city-owned property located at northeast corner of Pacific Coast Highway and Crenshaw Boulevard.

RECOMMENDATION

Recommendation of the City Manager that City Council approve a Landlord Estoppel Certificate and Agreement (“**Agreement**”) made and entered by the City of Torrance, a municipal corporation (“**Landlord**”), for the benefit of The United States Life Insurance Company in the City of New York, a New York corporation (“**Lender**”) for City-owned property located on the northeast corner of Pacific Coast Highway and Crenshaw known as Rolling Hills Plaza Shopping Center.

Funding

Funding is not required for this transaction.

BACKGROUND/ANALYSIS

The Estoppel Certificate is required by the Lender to determine that the Lease is in full effect and contains no known defaults. In addition, the Certificate reiterates certain deal points contained in the Lease to verify the terms and conditions of the Master Lease.

The Estoppel confirms that the Lease is in full force and effect, there are no material defaults by the Master Tenant, rent is current as of the date of the Estoppel and the Lease termination date is March 15, 2049. The Estoppel also includes a list of tenants that are currently located at the Rolling Hills Plaza Shopping Center and confirms that they are also in compliance with the Master Lease. All are correct and current.

Respectfully submitted,

LeROY J. JACKSON
CITY MANAGER

CONCUR:


LeRoy J. Jackson
City Manager

By 
Brian K. Sunshine
Assistant to City Manager

Attachment A: Landlord Estoppel Certificate and Agreement (Exhibit A to Estoppel – Ground Lease and all Amendments is Limited Distribution. Copy is available with the City Clerk.

B: Current tenant list

LANDLORD ESTOPPEL CERTIFICATE AND AGREEMENT

This LANDLORD ESTOPPEL CERTIFICATE AND AGREEMENT (this “**Agreement**”) is made and entered into as of _____, 2012, by THE CITY OF TORRANCE, a municipal corporation (“**Landlord**”), for the benefit of THE UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK, a New York corporation (“**Lender**”).

A. RECITALS

1. Pursuant to the ground lease and amendments thereto described in Exhibit A attached hereto (referred to herein as the “**Ground Lease**”), Rolling Hills Plaza LLC, a California limited liability company (“**Borrower**”), as successor in interest to Rolling Hills Plaza Venture 96, LLC, a California limited liability company (“**RHPV96**”), as successor in interest to Rolling Hills Plaza Shopping Center, a California limited partnership, is the owner of a leasehold estate (“**Leasehold Estate**”) in certain real property and improvements thereon located in Torrance, California, and more particularly described in Exhibit B attached hereto (the “**Property**”).

2. Lender is making a loan to Borrower (the “**Loan**”), which Loan is or will be evidenced by a Promissory Note dated on or about the date hereof made by Borrower to the order of Lender, and secured by, among other things, a Deed of Trust, Security Agreement, Fixture Filing, Financing Statement and Assignment of Leases and Rents of even date with such Promissory Note (the “**Deed of Trust**”) granted by Borrower for the benefit of Lender and encumbering, among other things, Borrower’s Leasehold Estate in the Property.

3. It is a condition to Lender’s willingness to make the Loan to Borrower that Landlord enter into this Agreement.

B. ESTOPPEL CERTIFICATE

Landlord hereby represents and certifies to Lender as follows:

1. That Recital A.1 of this Agreement is true and accurate.
2. That the Property is owned by Landlord in fee simple absolute, and that Landlord has full power and authority to lease, and otherwise in all respects controls, the Property.
3. Landlord has not made any assignment or transfer of, or created any options, purchase rights or other interests in, its rights in the Property, with the exception of the Ground Lease, and that no consent or approval of any other person or entity is required in order for Landlord to enter into, or as a condition to the effectiveness of, this Agreement.
4. That no modification, alteration or amendment, oral or written, exists between Landlord and Borrower with respect to the Ground Lease, except as provided in Exhibit A.

5. That Borrower has paid all rent and other amounts called for by the Ground Lease through _____, 2012, and that Borrower has paid \$ _____ toward the percentage rent for the month of _____ 2012. The next installment of minimum basic rent, in the amount of 9% of Gross Rents less Borrower's payment of \$ _____, is due on _____, 2012, for the period ending _____, 2012.

6. That the Ground Lease is in full force and effect.

7. That, to Landlord's actual knowledge, except as disclosed on Exhibit C, attached hereto and incorporated herein by reference, Borrower has performed and observed all of the other covenants and conditions required under the Ground Lease to be performed and observed by Borrower, and the Leasehold Estate is free of all defaults.

8. That, pursuant to Section 5 of that certain Ground Lessor's Estoppel and Agreement and Consent to Encumbrance of Leasehold Estate dated March 31, 1999, recorded in the Official Records of Los Angeles County, California, as Instrument No. 99-0646801, whereby, among other things, RHPV96, for itself and on behalf of Borrower (as a successor in interest to RHPV96), exercised its one time option to extend the Ground Lease, the term of the Ground Lease continues until March 15, 2049.

9. That the foregoing statements may be relied upon by Lender in making the Loan.

C. AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord agrees as follows:

1. No further modifications or amendments of the Ground Lease shall be effective without the prior written consent of Lender.

2. Prior to executing any mortgage, deed of trust or other security instrument encumbering the fee simple interest in the Property ("**Fee Mortgage**"), Landlord shall cause the mortgagee or beneficiary under such Fee Mortgage to execute a non-disturbance agreement providing that, so long as Borrower is not in default under the Ground Lease, the Ground Lease will remain in full force and effect in the event of foreclosure, or conveyance in lieu of foreclosure, of the Fee Mortgage.

3. Subject to the specific provisions of the Ground Lease concerning such matters (which shall be deemed to be controlling over any inconsistencies with such language contained in this paragraph 3), so long as Lender shall cause to be paid to City all amounts accrued and payable under the Ground Lease and shall otherwise cure any and all defaults of Borrower that are capable of being cured by Lender under that Ground Lease, in the event Lender succeeds to Borrower's Leasehold Estate by virtue of foreclosure, deed-in-lieu of foreclosure, or otherwise, Landlord agrees to recognize Lender as tenant under the Ground Lease, with all rights and obligations of Borrower under the Ground Lease accruing to Lender thereunder. The rights and privileges hereunder of Lender shall be subject to the rights and privileges of any other "Approved Leasehold Mortgage" whose lien has priority over the lien of Lender, if any.

4. All notices which are required or which may be given hereunder to Lender shall be effective when given in writing by delivery in person or three (3) business days after the same are sent by certified mail, return receipt requested, with postage prepaid to Lender at the following address:

The United States Life Insurance Company in the City of New York
1999 Avenue of the Stars, 38th Floor
Los Angeles, California 90067-6022
Attention: VP, Servicing – Commercial Mortgage Lending

5. Pursuant to the provisions of Section 21(C)(8) of the Ground Lease, Landlord hereby agrees that Lender shall be deemed to be an “Approved Leasehold Mortgagee” under the terms of the Ground Lease and shall be entitled to all of the rights and privileges granted to an Approved Leasehold Mortgagee thereunder. Further, Landlord hereby agrees that the Deed of Trust constitutes an “Approved Leasehold Mortgage” under the terms of the Ground Lease.

6. This Agreement shall be binding upon Landlord and its successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

7. Landlord acknowledges and agrees that Lender may record this Agreement in the real property records for Los Angeles County, California.

8. As set forth herein, the phrase “Landlord’s actual knowledge” shall mean the actual, present knowledge of Brian Sunshine, without independent inquiry and without imputation of the knowledge of any other persons; Landlord hereby representing to Lender (with the understanding that Lender is relying upon such representation in making the Loan to Borrower) that Brian Sunshine is the person who is (a) either employed by or is the agent of Landlord and (b) the person most likely to have knowledge of the matters which are subject to “Landlord’s actual knowledge” herein.

**[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.
SIGNATURES FOLLOW.]**

IN WITNESS WHEREOF, Landlord has executed this Estoppel Certificate and Agreement as of the date first above written.

LANDLORD:

THE CITY OF TORRANCE, CALIFORNIA,
a municipal corporation

ATTEST:

_____, City Clerk

By: _____
Name: _____
Title: Mayor

APPROVED AS TO FORM:

_____, City Attorney

ACKNOWLEDGED AND AGREED THIS ____
DAY OF _____, 2012

ROLLING HILLS PLAZA LLC,
a California Limited Liability Company

By: ROLLING HILLS PLAZA VENTURE 96, LLC,
a California limited liability company,
Its Member

By: ROLLING HILLS PLAZA SHOPPING CENTER,
a California limited partnership,
Its Managing Member

By: LA CAZE PARTNERSHIP,
a California limited partnership,
Its General Partner

By: _____
Norman R. La Caze, Trustee,
General Partner

By: _____
Carole J. La Caze, Trustee,
General Partner

By: NORTHERN RHP LLC,
a Delaware limited liability company,
Its member

By: BRISTOL GROUP, INC.,
a California corporation,
Its Manager

By: _____
Jeffrey S. Kott, Principal

By: _____
James J. Curtis, Principal

EXHIBIT A**Rolling Hills Plaza Parcel Ground Lease with Recording Information**

A ground leasehold estate, as to Parcels 1 and 2, as created by that certain lease dated October 21, 1987 between the City of Torrance, a municipal corporation, as lessor (the “**City**”), and Rolling Hills Plaza Shopping Center, a California limited partnership, as lessee (“**RHPSC**”), a memorandum of which was recorded on November 3, 1987 in the Official Records of Los Angeles County, State of California (the “**Records**”), as Instrument No. 87-1761480, upon and subject to all of the terms and provisions therein contained, as amended by: (I) that certain Amendment No. 1 to Lease dated as of August 28, 1990; (II) that certain Second Amendment to Lease dated January 23, 1996; (III) that certain Third Amendment to Lease dated as of July 15, 1997; (IV) that certain Consent to Encumbrance of Leasehold Estate (City of Torrance) dated July 15, 1997, which was recorded on July 28, 1997 in the Records as Instrument No. 97-1145912 and (V) that certain Ground Lessors Estoppel and Agreement and Consent to Encumbrance of Leasehold Estate (City of Torrance) dated March 31, 1999, which was recorded on April 15, 1999 in the Records as Instrument No. 99-0646801 (as amended, referred to herein as the “**Rolling Hills Ground Lease**”), as such Rolling Hills Ground Lease has been assigned by RHPSC to Rolling Hills Plaza Venture 96, LLC, a California limited liability company (“**RHPV96**”) by that certain Assignment of City of Torrance Ground Lease dated February 7, 1996, which was recorded on February 29, 1996 in the Records as Instrument No. 96-324123, and as such Rolling Hills Ground Lease was further assigned by RHPV96 to Rolling Hills Plaza LLC, a California limited liability company by that certain Assignment and Assumption of Ground Lease dated April 5, 1999, which was recorded on April 15, 1999 in the Records as Instrument No. 99-0646800.

EXHIBIT ATO LANDLORD ESTOPPEL CERTIFICATE
AND AGREEMENT



CITY OF
TORRANCE

OFFICE OF THE CITY CLERK

Sue Herbers, CMC
City Clerk

Rebecca Poirier, MMC
Deputy City Clerk

CERTIFICATION

State of California)
County of Los Angeles) ss
City of Torrance)

I, SUE HERBERS, CITY CLERK of the CITY OF TORRANCE, CALIFORNIA, do hereby certify and attest, under penalty of perjury, the foregoing to be a full, true and correct copy of the original lease and documents relating to Rolling Hills Plaza (Reference Number C-053) on file in the office of the City Clerk.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Torrance, this 22nd day of August 2012.

Sue Herbers
City Clerk of the City of Torrance, California

**C-053 ROLLING HILLS
PLAZA SHOPPING
CENTER/LA CAZE**

FOLDER #1

- Agreement
October 20, 1987
- Lease
October 21, 1987
- Memorandum of Lease
October 21, 1987
- Termination of Memoranda
of Leases
October 29, 1987
- Amendment to Assignment
of Lease
June 29, 1988
- Statement of Ground Lessor
August 28, 1990
- Amendment No. 1 to Lease
August 28, 1990

FOLDER #2

- Certificate of Re-Lease
February 7, 1995
- Second Amendment to Lease
January 23, 1996
- Recognition and Attornment
Agreement (see note in the
document file)
- Consent to Encumbrance of
Leasehold Estate (GE Capital
Corp.)
February 7, 1996
- Certificate of Re-Lease
February 7, 1996
- Consent to Encumbrance of
Leasehold Estate (K/B
Opportunity Fund)
February 7, 1996

- Assignment of City of
Torrance Ground Lease
(see note in the document
file)
February 23, 1996
- Non-Disturbance and
Attornment Agreement
(see note in the document
file)
- Third Amendment to Lease
July 15, 1997
- Consent to Encumbrance of
Leasehold Estate (Wells
Fargo Bank)
July 15, 1997
- Reciprocal Easement and
Parking Agreement
July 15, 1997

FOLDER #3

- Consent to Encumbrance of
Leasehold Estate
October 29, 1998
- Consent to Encumbrance
October 29, 1998
- Substituted pages for
Consents of Encumbrance
October 29, 1998
- Tenant's Certificate
October 19, 1998
- Clarifying Letter from the
Law Offices of David G.
Robert
October 13, 1998
- Estoppel Certificate
October 29, 1998
- Certificate of Re-Lease
October 29, 1998

FOLDER #4

- Consent to Encumbrance of
Leasehold Estate
March 1999

- C97-186 Estoppel
Certificate
September 1, 1997
- Clarifying Letter from the
Law Offices of David G.
Robert (same in Folder #3)
October 13, 1998
- Lease Amendment
April 1, 1999
- Amendment No. 1 to
Reciprocal Easement and
Parking Agreement
June 23, 1999
- Landlord Estoppel
Certificate & Agreement
(Rolling Hills Plaza)
June 11, 2002
- Landlord Estoppel
Certificate & Agreement
(Selleck)
June 11, 2002
- Consent to New Sublease
(Adventure 16)
August 4, 2005
- Consent to New Sublease
(ADDM - Star Chicken)
August 4, 2005
- Consent to New Sublease
(South Bay Credit Union)
September 4, 2007
- Amendment No. 2 to
Reciprocal Easement and
Parking Agreement
October 17, 2007
- Non Disturbance Agreement
– Subway Real Estate Corp.
(NOT SIGNED YET)
- Recognition and Attornment
Agreement for Sub-Tenant
(JPMorgan Chase Bank)
December 6, 2011

Rolling Hills Plaza
Torrance, California
RETAIL TENANT LIST 2012

Suite	Tenant	Leased Area (Sq. Ft.)	Lease Expiration
2501	OneWest Bank, FSB	3,983	07/31/15
2505	Rolling Hills Shiatsu Center	1,732	05/31/13
2509	Hitachiya USA Inc.	1,143	06/30/14
2511	Vacant (Coastal Cleaners)	762	02/29/12
2513	Vacant	1,268	
2515	Sun Video	791	10/31/12
2517	R.H. Beauty Bar	1,693	04/30/17
2521	Vacant (Book Off)	2,610	
2525	Montmartre Fusion Patisserie	1,209	01/31/16
2527	Kichimi Chiropractic	1,419	07/31/13
2529	Hikata Yamaya (Former SanSui Tei)	1,994	02/29/16
2531	Zenya, LLC	2,147	06/30/16
2533 - A	Beverages & More, Inc. (BevMol)	9,609	10/31/19
2533 - B	Nijiya Market	5,489	09/30/14
2533 - C	Person Realty	850	12/31/13
2533 - D	The Veggie Grill (b)	3,050	03/31/21
2533 - E	Menchie's Yogurt (Emcor LLC)	1,582	12/31/16
2535	Friar Tux	1,661	09/30/14
2537 - A	Ichimi - An / Bamboo Garden	733	11/30/15
2537 - B	Dr. Loloee (SHARP Treatment)	1,409	MTM
2537 - D	Postal Mart	1,040	03/31/15
2537	Vacant (Herman's Storage)	2,989	
2537	Vacant (Herman's Party Supplies)	6,000	
2539	Pet's Plus	6,000	03/31/17
2543 - A	Modern Jewelry Mart	1,436	04/30/13
2543 - B	Nice Café	1,074	11/30/12
2543 - C	Grooming Wonders	920	08/31/13
2543 - D	Vacant (former Pia Hair)	1,080	
2543 - E	Vacant (Venturemax Bakery)	1,440	
2543 - F	Mary Fe Monzon, D.D.S.	1,329	01/31/16
2543 - G	My Fit Foods	1,774	02/28/22
2545 - B	Trader Joe's	10,000	07/18/17
2545 - LOFT	Vacant	3,282	
2545 - LOFT	Gift Korner Storage	660	
2545 - LOFT	Wild Birds Storage	200	
2545	Rite Aid	19,399	05/31/15
2547	Styles of Hawaii	1,393	08/31/13
2549 - A	JP Morgan Chase Bank	6,186	04/30/21
2549 - B	Waterside Beauty	1,221	05/31/13
2551 - A	Dr. Nolan Ng	1,600	12/31/15
2553	L'Amade Bakery	1,663	03/31/17
2557 - A	Dr. Loloee (SHARP Treatment)	4,737	01/31/15
+ 2551-B, 2573-B, 2573-D			
2573 - A	Book Value	757	12/31/12
2575	Vacant (Sammy's)	3,400	
2579	Pia Hair Salon	2,277	03/31/17
2581	Weight Watchers	1,820	12/31/16
2583	The Gift Korner	2,041	01/31/12
2585	LA Sunset Tans	2,903	10/31/16
2587	European Wax Centers	1,603	10/31/16
2589	Ryo Zan Paku	2,324	09/30/11
2591	AMC Theatre	72,693	09/30/17
2595	Treat Tea & Ice	1,200	10/31/16
2599	Fish Bonz	1,200	12/31/12
2595	Bed Bath & Beyond	39,061	01/31/18
2609	Omaha Steaks	1,358	09/30/15
2613	Jos. A. Bank Clothiers	4,200	01/31/15
2617	Jacob's Hair Studio	1,252	05/31/14
2621	Vacant (Sushi Eki Eki)	1,881	
2625	Vacant (Poquiut Mas)	2,535	
2627	Color Me Mine	1,135	08/31/17
2665	Wachovia Bank	3,522	07/31/17
2667	Great Earth Vitamins	1,145	12/31/16
2685	24-Hour Fitness (a)	30,402	05/31/14
25306	California Pizza Kitchen	5,600	11/30/15
25308	Joey's Smokin' BBQ	2,210	12/31/14
25310	Iccho Japanese Restaurant	1,800	05/31/14
25314	Elite Nails	2,000	08/31/13
25316	All South Bay Footcare (Dr. Teles)	1,200	12/31/12
25318	Teacher Supplies	6,023	12/31/12
25330	Victor Anthony's Hair Studio	900	01/31/18
25332	Kabab Curry	1,800	07/31/12
25336	Fanoos Persian Restaurant	900	04/30/13
25346	Dr. Habermeyer, D.D.S.	2,013	MTM
25348	Starbucks	1,700	04/30/13
25352	Romano's Macaroni Grill	7,680	03/19/17
25360	South Bay Credit Union	1,500	01/31/18
25362	Mashawi Lebanese Grill	1,650	12/31/15
25364	Subway	1,200	11/30/14
25366	Rubio's	2,500	04/30/15
25416	Wild Birds Unlimited	1,862	04/30/17
25418	Sharp Treatment (Loloee Temp)	1,101	12/31/12
25418-B	Vacant (Loft)	1,972	
25420	Daphne's	2,000	05/31/15
25424	Sushi Boy	1,000	10/31/13
25426	Baskin Robbins	1,000	01/31/18

Above Does not include vacant 25210 crenshaw (former single tenant office) & 2601 Airport (multi tenant office building)