

Council Meeting of  
March 20, 2007

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

Members of the Council:

**SUBJECT: Consent to Sublease: Kinecta Federal Credit Union for City-owned property located on Pacific Coast Highway between Madison and Aero Way in the City of Torrance.**

**RECOMMENDATION**

The City Manager recommends that City Council consent to an amendment to an existing sub-lease to Kinecta Federal Credit Union for an aggregate term of 20 years and square footage that exceeds 10% of the project known as Madison Park located on City-owned property leased to JAS Madison I, LLC and located on Pacific Coast Highway between Madison and Aero Way in the City of Torrance.

**FUNDING**

Funding is not required for this item.

**BACKGROUND/ANALYSIS**

In February of 1999, the City Council consented to a sub-lease to Hughes Federal Credit Union, a precursor to Kinecta Federal Credit Union. At the time of the City Council's action, the credit union was not an acceptable use as it did not replace a sales tax generator per the Lease. The City Council consented to the use on a one-time basis and did not waive any future rights to consent.

Consent to the Sublease is required under Section 22.A(1)(a) of the Ground Lease due to the size of the use being greater than 10% of the project and a term over ten years, including options.

The use is not changing; the Lease area remains the same and is consistent with the prior consent received. The Master Tenant, JAS Madison I, LLC wishes to amend the existing Lease with the following terms:

Term of sub-lease: April 1, 2007 – March 31, 2017  
 Options to extend: Two (2) five-year terms rent set at then prevailing market rate  
 Rental Rate: \$2.35 per square foot + 2% annual inflator  
 Tenant  
 Improvements: \$10.00 per square foot

Staff recommends approval of the request.

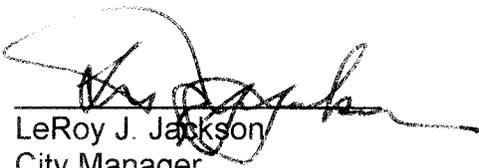
Respectfully submitted,

LeROY J. JACKSON

By:

  
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Brian K. Sunshine  
Assistant to the City Manager

CONCUR:

  
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LeRoy J. Jackson  
City Manager

Attachments:

- A. Letter of request dated March 1, 2007
- B. Original Lease – *Limited Distribution*

OFFICE OF THE  
CITY MANAGER

OPTIMA ASSET MANAGEMENT SERVICES, INC.

07 MAR -8 AM 11:40

March 1, 2007

Brian Sunshine  
City of Torrance  
City Manager's Office  
3031 Torrance Boulevard  
Torrance, CA 90503

Re: Request for Approval  
10 Year Lease Renewal  
Kinecta Federal Credit Union

Ground Lease Property  
Account # M L1201-951004  
Madison Park Retail  
3525 Pacific Coast Highway  
Torrance, CA 90505

Dear Brian:

As per our conversation, I have attached a copy of the pertinent lease renewal terms as well as a copy of Kinecta Federal Credit Union's lease agreement for your review and approval.

I understand City of Torrance counsel will need to approve this renewal since it is for 10 years and there are (2) five year options to renew. Also, Kinecta's square footage exceeds 10% of the project, therefore, requires ground lessor approval.

Feel free to contact me if you have any questions.

Sincerely,

OPTIMA ASSET MANAGEMENT SERVICES, INC.  
Agent for JAS Madison I, LLC

  
Susan Wester  
Regional Manager

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**Potential Tenant Renewal**  
**Madison Park Retail**  
**3525 Pacific Coast Highway, Torrance, CA 90505**

Tenant: Kinecta Federal Credit Union

Address: 3525 Pacific Coast Highway, Suites R-U, Torrance, CA 90505

Square Footage: 8,424

Renewal Term: April 1, 2007 – March 31, 2017 (estimated start date)

Rental rate: \$2.35/sf + 2% annual increases

Option to Renew: (2) 5 year options to renew at the then prevailing market rate

Tenant Improvements: \$10.00/square foot