Council Meeting of
October 16, 2007

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

Members of the Council:

SUBJECT: City Manager – Authorize Execution of an Assignment and Assumption of Lease of City Owned property located at 3401 Airport Drive.

RECOMMENDATION

The City Manager recommends that the City Council authorize the Mayor to Execute and the City Clerk to Attest to the Assignment and Assumption of Lease from Torrance Hangar Development Co., LLC, a California limited liability company, and Mark J. Dessy, individually, and Jackie Dessy, individually (collectively "Assignor") hereby to Torrance Airport Hangars, LLC, a Delaware limited liability company all right, title and interest to that certain Ground Lease between the City of Torrance and Great American Aircraft Maintenance Co., Inc., dated March 2, 1993 and amended by the parties by the First Amendment to Lease dated March 24, 1998 (the "First Amendment"). Property located at 3401 Airport Drive.

Funding

Funding is not required for this transaction.

BACKGROUND/ANALYSIS

The original Lease was executed in 1993 to develop a portion of the airport for sub-lease to Fixed Base Operators (FBO) at Torrance Municipal Airport. Included in the original Lease was an Option to expand the operation into adjacent land at the airport.

In 1998, the Lessee exercised that Option and brought in a partner to build hangers. In 2003, the original Master Tenant was bought out by the current Master Tenants Torrance Hangar Development Company LLC and Mark Dessy individually and Jackie Dessy individually. At this time they wish to sell their Leasehold, all the improvements and have requested that the City authorize an Assignment and Assumption of Lease to Torrance Hangars, LLC.

The proposed Master Tenant was the owner and operator of USA Petroleum Corporation. The Company has liquidated their gas station properties and is diversifying their portfolio into other interests. Staff has reviewed their finances and they have adequate funding for this operation. Further, the proposed Master Tenant has contracted with Mark Dessy, the current Master Tenant and operator, to continue managing the Leasehold. This will allow for a seamless transition to the new Master Tenant.

Staff recommends that the City Council approve this request for an Assignment and Assumption of Lease.

Respectfully submitted,

LeROY J. JACKSON
CITY MANAGER

By _____
Brian K. Sunshine
Assistant to the City Manager

CONCUR:

_____
LeRoy J. Jackson
City Manager

BKS/dle
ATTACHMENT: Assignment and Assumption Agreement

Attachment A

ASSIGNMENT AND ASSUMPTION of GROUND LEASE and CONSENT TO ASSIGNMENT

I. Assignment

Torrance Hangar Development Co., LLC, a California limited liability company, and Mark J. Dessy, individually, and Jackie Dessy, individually (collectively "Assignor") hereby quitclaim and assign to Torrance Airport Hangars, LLC, a Delaware limited liability company ("Assignee") all right, title and interest of the Assignor in and to that certain Ground Lease Between the City of Torrance and Great American Aircraft Maintenance Co., Inc., dated March 2, 1993, (the "Lease") and amended by the parties by the First Amendment to Lease dated March 24, 1998 (the "First Amendment"). The Lease and First Amendment are sometimes collectively referred to herein as the "Lease." The subject premises consists of approximately four (4) acres of land and improvements commonly known as 3401 Airport Drive in the City of Torrance (the "Leased Premises"). The Leased Premises is defined as Parcels A and B as described in Exhibits 1 and 2 of the First Amendment.

II. Acceptance

Assignee accepts the assignment and represents and acknowledges that it has been provided with and has reviewed the Lease and the First Amendment. Assignee further represents that it has read and understands the terms and provisions of the Lease, that it has had adequate opportunity to seek legal and other counsel concerning the Lease, and hereby agrees to be bound and abide by all of the terms and provisions thereof and assumes the obligations of the Lease arising from the Effective Date of the assignment forward.

III. Consent

The City of Torrance approves the assignment, release the Assignor from any obligation not accrued as of the Effective Date of the assignment under or in connection with the Lease and the First Amendment, and consents to the assumption of the Lease by Assignee.

IV. Improvements

As an additional matter with which the City is not concerned, Assignor hereby quitclaims and assigns to Assignee all right, title and interest of the Assignor in and to all improvements constructed or located upon the leased premises including hangars, offices, above ground and below ground fuel equipment, parking lots, and any other improvements or fixtures located on the premises, which consists of approximately four (4) acres of land with buildings located at 3395, 3401, 3407, 3409, 3417 and 3425 Airport Drive in the City of Torrance, County of Los Angeles, California.

Effective Date:

END OF PAGE

SIGNATURE PAGE FOR
ASSIGNMENT and ASSUMPTION
of GROUND LEASE
and CONSENT TO ASSIGNMENT

"ASSIGNOR"

TORRANCE HANGAR DEVELOPMENT CO., LLC

By: _____
Mark J. Dessy, President

MARK J, DESSY, an individual

_____

JACKIE DESSY, an individual

_____

"ASSIGNEE"
TORRANCE AIRPORT HANGARS, LLC
A Delaware Limited Liability Company

By: _____
Kriston D. Qualls, Secretary

APPROVED

THE CITY OF TORRANCE
A Municipal Corporation

By: _____
Frank Scotto,Mayor

APPROVED AS TO FORM:

JOHN L. FELLOWS III
City Attorney

By: _____
RON POHL, Assistant City Attorney

ATTEST:

_____
SUE HERBERS, City Clerk