Council Meeting of
February 26, 2008

SUPPLEMENTAL

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

Members of the Council:

SUBJECT: Supplemental Material to Agenda Item # 12A

Attached please find a corrected version of the Second Amendment to the Amended and Restated Lease. There were some typographical errors in the original version; the attached version has those corrected.

Also attached is an executed copy of the Easement referenced in the Amendment.

Respectfully submitted,

LeROY J. JACKSON
CITY MANAGER

By _____
Brian K. Sunshine
Assistant to the City Manager

CONCUR:

_____
LeRoy J. Jackson
City Manager

Attachments:
A) Second Amendment to Amended and Restated Lease – corrected version
B) Easement Deed – executed copy

12A

Attachment A

SECOND AMENDMENT

TO AMENDED AND RESTATED LEASE

This SECOND AMENDMENT TO AMENDED AND RESTATED LEASE ("Second Amendment") is entered into, effective as of February 26, 2008, by and between the CITY OF TORRANCE, a California municipal corporation ("City"), and TORRANCE FLITE PARK, LLC, a California limited liability company ("Lessee").

A. On or about September 19, 2001, City and Lessee entered into that certain Lease agreement ("Original Lease"), which provides for City to lease to Lessee those certain portions of the Zamperini Field Torrance Municipal Airport more particularly described therein as the "Leased Premises."

B. On or about April 15, 2003, City and Lessee entered into that certain AMENDED AND RESTATED LEASE ("Amended Lease"), which made certain adjustments to the terms of the Original Lease for certain portions of the Zamperini Field Torrance Municipal Airport ("Airport") more particularly described therein as the "Leased Premises."

C. On or about October 26, 2004, City and Lessee entered into FIRST AMENDMENT to the Amended Lease, which made certain adjustments to the terms of the Amended Lease for certain portions of the Airport more particularly described therein as the "Leased Premises." The above three documents, individually and collectively is referred to as the "AGREEMENT".

D. City and Lessee now desire to amend the Original Lease, the AMENDED AND RESTATED LEASE, and the FIRST AMENDMENT to Amended Lease on the terms set forth in this SECOND AMENDMENT.

Agreement

Based upon the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by both parties, City and Lessee hereby agree as follows:

1. Realignment of Entrance.

The existing entrance road and the intended route for the proposed new road are almost entirely on parcel 11, with a portion extending into parcel 12, of the Airport property. City wishes an easement over the Leased Premises for the area required for the road and gate system. This will be depicted by way of an easement. City and Lessee hereby agree that the easement will be as depicted as "Exhibit A" attached and incorporated to this Second Amendment as Attachment No. 2.

2. East Parcel Conditions and Delivery Dates. The changes described in this Second Amendment require that the dates set forth in the Original Lease and the First Amendment to the Amended and Restated Lease for satisfaction of the East Parcel Conditions and delivery of the East Parcel be modified. City and Lessee hereby agree to amend the Original Lease as follows:

a. East Parcel Conditions. The definition of the term "East Parcel Contingency Date" in Paragraph 1 of the Original Lease is hereby deleted.

The reference to "Paragraph 3B(2)" in Paragraph 3 of the Original Lease is hereby modified to read "Paragraph 3B(1)."

Paragraph 3.B(1) of the Original Lease is hereby modified to read as follows: "The performance of City and Lessee under this Lease with respect to the East Parcel shall be contingent and conditional upon the fulfillment of the following conditions precedent within the prescribed time limits (collectively, the "East Parcel Conditions"): (i) the East Parcel shall be free and clear of any tenants and Structures on August 31, 2008; provided, City shall have an additional period of one hundred twenty (120) days after August 31, 2008 in which to satisfy the foregoing condition so long as City has, prior to August 31, 2008, commenced unlawful detainer proceedings against any tenant who remains in possession of the East Parcel (in which case all dates described in this Paragraph 3.B.2, and the East Parcel construction commencement and completion dates described in Paragraph 10.B.2, shall be extended by an additional period of one hundred (120) days); (ii) Lessee shall have inspected and reasonably approved the physical condition of the East Parcel pursuant to Paragraph 2.B of this Lease on or before the date that is sixty (60) days after the satisfaction of the East Parcel Condition set forth in the preceding clause (i); and (iii) Lessee shall have submitted applications for all governmental approvals for the West Portion/Phase I of East Parcel Required Improvements and City shall be in a position to issue building permits for the West Portion/Phase I of East Parcel Required Improvements, upon Lessee's payment of the applicable fees, on or before January 16, 2010. Lessee shall exercise diligent efforts to satisfy the East Parcel Condition referred to in clause (iii) of the preceding sentence and shall make timely application for all such permits and approvals. In the event that the East Parcel Conditions are not satisfied within the time periods described above, either party shall have the right to terminate this Lease as to the East Parcel pursuant to Paragraph 3C below. If the termination occurs as the result of Lessee's failure to cause either of the East Parcel Conditions set forth in clause (ii) or (iii) of this Paragraph 3.B.2 to be satisfied, Lessee will be subject to the $316,990 fee referred to in Paragraph 5.A."

b Acceptance of Possession. The third sentence of Paragraph 4 of the Original Lease that begins with the words "Notwithstanding the foregoing, Lessee shall" is hereby modified to read as follows: "Notwithstanding the foregoing, Lessee shall have no obligation to accept tender of possession of the East Parcel prior to October 31, 2008. In addition, Lessee shall have the right, by delivery of written notice to City within ten (10) days after receipt of the Notice of Possession for the East Parcel, to notify City that Lessee elects to not take possession of the East Parcel and, in such event, this Lease shall terminate as to the East Parcel and Lessee shall pay to City the $316,990 fee referred to in Paragraph 5.A of this Lease."

3. Rent. The dates in the Original Lease for Lessee to commence paying Minimum Basic Rent for the North Portion Option Parcel, the South Portion Option Parcel, and the East Parcel assume Lessee will develop the North Portion Option Parcel with "Concept Plan B" and the South Portion Option Parcel with either "Concept Plan A" or "Concept Plan C." Since the Option Parcel will not be developed with Concept Plans A, B or C, the dates for Lessee to commence paying Minimum Basic Rent for the Option Parcel and the East Parcel need to be modified, as follows:

East Parcel Minimum Basic Rent. Paragraphs 5.A.4(a) and (b) of the Original Lease are hereby modified to read as follows: "Commencing on the earlier of (i) October 15, 2010, or (ii) the date construction of the first hangar in the West Portion/Phase 1 is completed as evidenced by City's issuance of its approval of a final inspection authorizing occupancy of said hangar, Minimum Basic Rent shall be increased by the sum of $5,980 per month [5.98 acres East Parcel x $1,000]. If the East Parcel Conditions set forth in Paragraph 3.B.1 are satisfied and Lessee takes possession of the East Parcel, but then fails to complete construction of the West Portion/Phase 1 pursuant to Paragraph 10.B.2, then commencing on October 15, 2010, Minimum Basic Rent shall be further increased by the sum of $2,345 per month [4.69 acres West Portion/Phase 1 x $1,000 x .5]. If the East Parcel Conditions set forth in Paragraph 3.B.1 are satisfied and Lessee and takes possession of the East Parcel, but then fails to complete construction of the East Portion/Phase 2 pursuant to Paragraph 10.B.2, then commencing on March 31, 2012, Minimum Basic Rent shall be further increased by the sum of $645 per month [1.29 acres East Portion/Phase 2 x $1,000 x .5]. In the event the East Parcel Conditions are not satisfied and the failure is caused by Lessee or in the event the East Parcel Conditions are satisfied but Lessee notifies City that Lessee is not taking possession of the East Parcel pursuant to Paragraph 4 of this Lease, then on or before October 31, 2008, Lessee shall pay a one-time fee to City in the amount of $316,990."

4. Use of Leased Premises and Required Improvements. Some of the permitted uses and Required Improvements on the East Parcel have changed since the Original Lease was entered into. In addition, Agency has agreed to modify the construction schedule to commence and complete the East Parcel Required Improvements. In order to effectuate these modifications, the Original Lease is hereby modified as follows:

a. East Parcel Required Improvements. The definition of the term "East Parcel Required Improvements" in Paragraph 1 of the Original Lease is hereby amended to read as follows: "East Parcel Required Improvements shall mean the improvements to be constructed and installed by Lessee on the East Parcel that are generally described in Exhibit "F1" attached as Attachment No. 1 to the Second Amendment to Lease. Lessee acknowledges that the East Parcel Required Improvements are subject to City's normal public review process and that nothing herein is intended to restrict City's exercise of discretion with respect thereto. Lessee further acknowledges that the description of the East Parcel Required Improvements in Exhibit "F1" is conceptual in nature and that the actual sizes, heights, and locations of all buildings, number of buildings, building elevations and setbacks, construction materials and colors, and similar design criteria for the East Parcel Required Improvements approved by City may not be the same as what is described in Exhibit "F1" and, in the event the area is used for manufacturing aircraft, then the building size, location, layout, and specification may differ from that specified in exhibit "F1" and, in the event of any inconsistency between the description in Exhibit "F1" and the plans approved by City, the plans approved by City shall govern and the East Parcel Required Improvements shall be as set forth in the approved plans."

b. The description of the East Parcel Required Improvements attached to the Original Lease as Exhibit "F" and replaced with "Exhibit F (revised)" to the First Amendment to Lease is hereby replaced with Exhibit "F1" and attached to this Amendment as Attachment No. 1. All references in the Original Lease to Exhibit "F" and "Exhibit F" (revised) shall be deemed to refer to "Exhibit F1" attached to this Amendment as Attachment No. 1.

c. Construction Schedule. Agency has agreed to modify the construction schedule to commence and complete the Required Improvements for the East Parcel. Paragraph 10.B.2 of the Original Lease is hereby amended to read as follows: "Subject to Paragraph 10.C.2.(c), Lessee shall commence and complete construction of the Required Improvements no later than the times set forth below:

East Parcel	Construction Commencement	Construction Completion
Phase 1	01/16/2010	10/15/2010
Phase 2	02/16/2012	11/15/2012

d. Restaurant Use a Permitted on East Parcel. The last paragraph of the subsection under the heading "Initial Leased Premises" in Paragraph 9.A of the Original Lease that begins with the words "Any use not specifically . . . " is hereby replaced with the following language: "In addition to the West/East Parcel Aeronautical Uses set forth above, Lessee may utilize a portion of the East Parcel for the construction and operation of a restaurant that is no greater than 8,500 square feet total. Any use not specifically listed in this Paragraph as a West/East Parcel Aeronautical Use or the restaurant use referred to in the preceding sentence requires the prior written consent of the City Council, which consent may be granted or withheld in the City Council's sole and absolute discretion." The reference to the 3,000 square foot restaurant in Paragraph 9.A of the Original Lease under the permitted uses for the Option Parcel is hereby deleted.

5. Term. Cit y and Lessee desire to modify the term of the Original Lease. The reference to "June 30, 2039" in the first sentence of Paragraph 3.A of the Original Lease was amended to read "March 31st, 2042" in the First Amendment to Lease and is hereby amended to read November 15, 2042. The first sentence of Paragraph 3.A shall then read "The term of this Lease shall commence on the Commencement Date and shall continue until the earlier of (i) the date that is thirty (30) Lease Years from and after the date that City issues its last certificate of occupancy for the East Parcel Required Improvements, or (ii) November 15, 2042."

6. Full Force and Effect; Conflicts. Except as expressly set forth in this Second Amendment, all terms, conditions, and provisions of the Original Lease inclusive of all Amendments shall remain in full force and effect. If there is a conflict between the provisions of this Second Amendment and the provisions of the Original Lease, the provisions of this Second Amendment shall control.

7. Execution and Counterparts. This Second Amendment may be executed in several counterparts, and all so executed shall constitute one agreement binding on both parties hereto, notwithstanding that both parties are not signatories to the original or the same counterpart.

IN WITNESS WHEREOF, City and Lessee have entered into this Second Amendment as of the date first written above.

"CITY"

CITY OF TORRANCE,
a California municipal corporation

By: _____
Frank Scotto, Mayor

ATTEST:

_____
Sue Herbers, City Clerk

APPROVED AS TO FORM
JOHN FELLOWS, III CITY ATTORNEY

_____
Ron Pohl, Assistant City Attorney

"LESSEE"

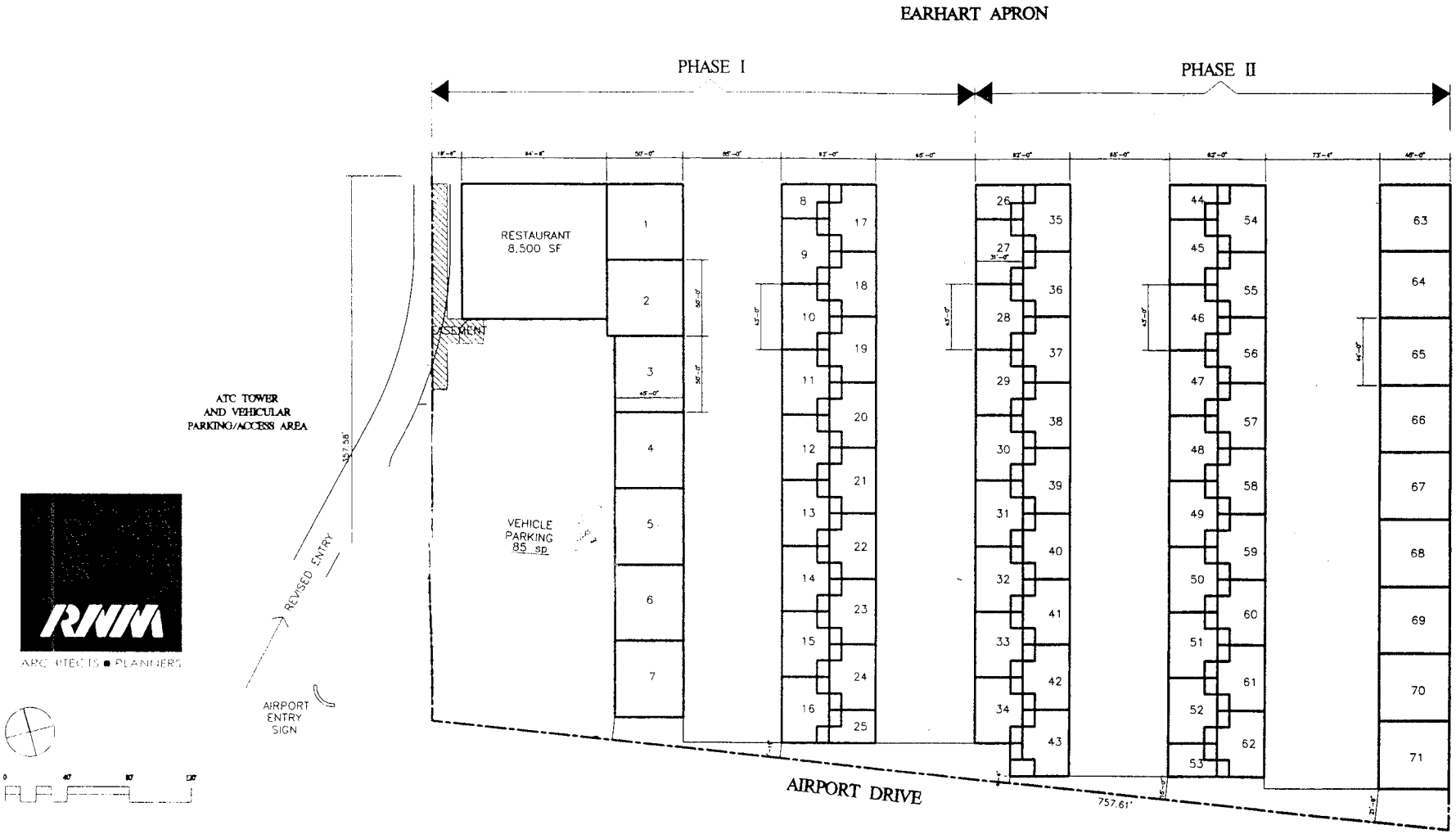
TORRANCE FLITE PARK, LLC
a California limited liability company

By: _____
Hassan Izad
Managing Member

By: _____
Ralph Martin
Managing Member

ATTACHMENT NO.1

EXHIBIT F1



CONCEPT PLAN 2/15/08

COPYRIGHT 1999 RNM ARCHITECTS PLANNERS

TORRANCE FLITE PARK - EAST PARCEL

TECHNICAL PLAN SHOWING HANGAR TYPES

ATTACHMENT NO.2

EXHIBIT A

Recording Requested by:
Sue Herbers, City Clerk

When Recorded Mail to:
CITY OF TORRANCE
3031 Torrance Boulevard
Torrance, CA 90503

EASEMENT DEED

In consideration of the sum of One Dollar ($1.00), and other valuable consideration, receipt of which is hereby acknowledged,

TORRANCE FLITE PARK, LLC, A CALIFORNIA

LIMITED LIABILITY COMPANY (LESSEE)

do(es) hereby grant to the CITY OF TORRANCE, a municipal corporation, of Los Angeles County, State of California, an easement for **INGRESS, EGRESS AND UTILITY** purposes and incidents thereto, in the following described real property in the City of Torrance, County of Los Angeles, State of California, and more particularly described as follows:

That portion of Parcel 12 of Official Map No. 2 in the City of Torrance, County of Los Angeles, State of California as shown on map filed in Book 5, Pages 44 thru 51 of Official Maps, in the Office of the County Recorder of said County, more particularly described as follows:

Beginning at the North corner of said Parcel 12; thence Southwesterly along the Northwesterly line of said Parcel 12 South 38° 38' 49" West 131.07 feet; thence South 51° 21' 11" East 9.00 feet; thence North 38° 38' 49" East 27.59 feet; thence South 52° 15' 22" East 24.58 feet; thence North 38° 38' 49" East 16.00 feet; thence North 52° 15' 22" West 24.58 feet; thence North 38° 38' 49" East 87.48 feet; thence North 51° 21' 11" West 9.00 feet to the point of beginning.

Dated this _____ day of _____ 20__.

Sign:_____
Print:_____

(All signatures must be notarized)

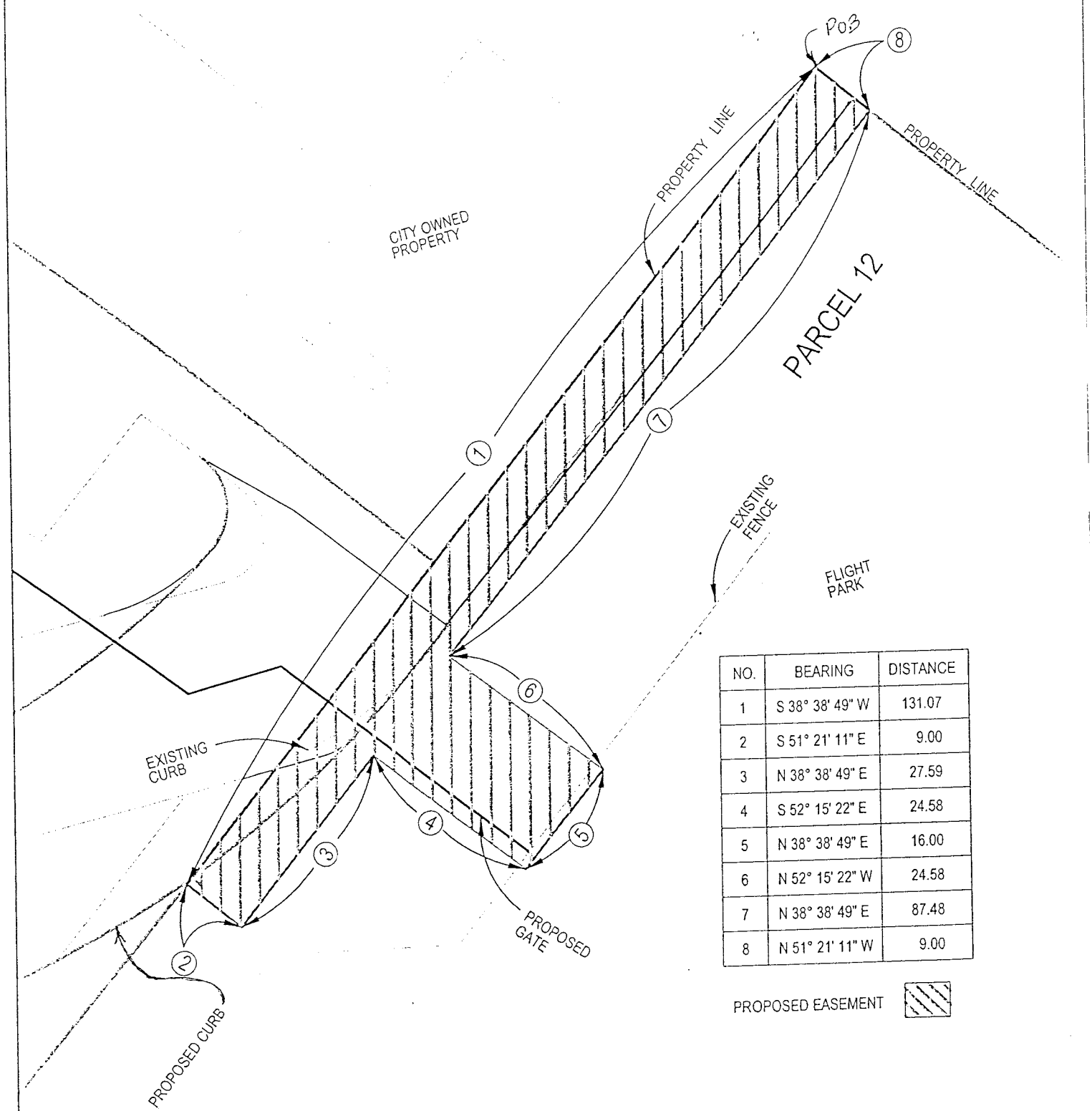
Sign:_____
Print:_____

Owner's Address: _____

_____

TS/cks2059

FLIGHT PARK INGRESS/EGRESS EASEMENT



NO.	BEARING	DISTANCE
1	S 38° 38' 49" W	131.07
2	S 51° 21' 11" E	9.00
3	N 38° 38' 49" E	27.59
4	S 52° 15' 22" E	24.58
5	N 38° 38' 49" E	16.00
6	N 52° 15' 22" W	24.58
7	N 38° 38' 49" E	87.48
8	N 51° 21' 11" W	9.00

PROPOSED EASEMENT

Attachment B

Recording Requested by:
Sue Herbers, City Clerk

When Recorded Mail to:
CITY OF TORRANCE
3031 Torrance Boulevard
Torrance, CA 90503

EASEMENT DEED

In consideration of the sum of One Dollar ($1.00), and other valuable consideration, receipt of which is hereby acknowledged,

TORRANCE FLITE PARK, LLC, A CALIFORNIA

LIMITED LIABILITY COMPANY (LESSEE)

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Dated this _____ day of _____ 20__.

(All signatures must be notarized)

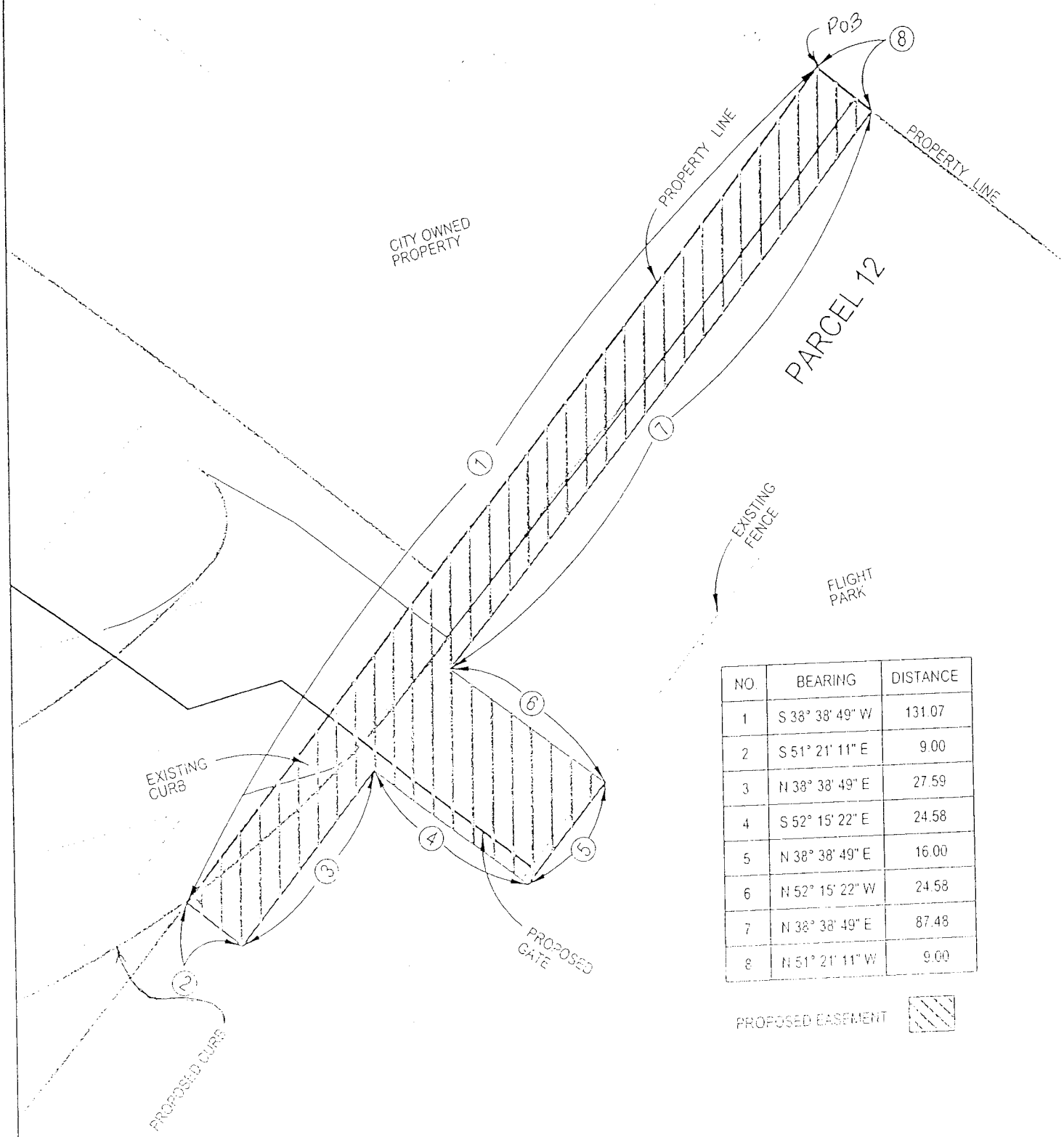
Sign: Hassan Izad
Print: HASSAN IZAD

Sign: Martin
Print: RALPH J. MARTIN

Owner's Address: 3481 AIRPORT DRIVE #200
TORRANCE, CA 90505

TS/cks2059

FLIGHT PARK INGRESS/EGRESS EASEMENT



NO.	BEARING	DISTANCE
1	S 38° 38' 49" W	131.07
2	S 51° 21' 11" E	9.00
3	N 38° 38' 49" E	27.59
4	S 52° 15' 22" E	24.58
5	N 38° 38' 49" E	16.00
6	N 52° 15' 22" W	24.58
7	N 38° 38' 49" E	87.48
8	N 51° 21' 11" W	9.00

PROPOSED EASEMENT

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of LOS ANGELES

On FEBRUARY 26, 2008 (Date) before me, A. L. MANALILI, NOTARY PUBLIC (Here Insert Name and Title of the Officer),
personally appeared HASSAN IZAD AND RALPH J. MARTIN (Name(s) of Signer(s)),

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~/are subscribed to the within instrument and acknowledged to me that ~~he/she~~/they executed the same in ~~his/her~~/their authorized capacity(ies), and that by ~~his/her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

A. L. MANALILI
Commission # 1473523
Notary Public - California
Los Angeles County
My Comm. Expires Mar 2, 2008

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Signature of Notary Public)

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: EASEMENT DEED, TORRANCE FLITE PARK

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name: _____
☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

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