Council Meeting of
June 24, 2008

SUPPLEMENTAL

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

Members of the Council:

SUBJECT: Supplemental Material to Council Agenda Item 12A-12B-12C

The following is an Executive Summary of the proposed transactions included in the subject items:

EXECUTIVE SUMMARY

Although these subject items appear as three separate actions, the approval of these items will achieve a single goal; allowing the reconstruction and improvement of an existing dealership on city-owned land.

Items 12A and 12B are two separate Leaseholds. The Lease in 12A (3131 Pacific Coast Highway) has a Master Tenant, R. Williams and a sub-tenant AutoNation. The Lease in 12B (3111 Pacific Coast Highway) has a Master Tenant, Peyton Cramer Infiniti/AutoNation. AutoNation wishes to combine the properties to allow the construction of a single dealership. This new dealership will allow the Mercedes franchise to relocate to this site and for the Infiniti Dealership to relocate to the Mercedes site.

To accomplish the aforementioned, the Lease requires certain changes:

The R. Williams Lease (12A) requires a change to allow the sale of Mercedes automobiles and for percentage rent to be changed to one-percent of gross profit to mirror the current Mercedes Lease

The Peyton Cramer Infiniti/AutoNation Lease (12B) has a different Lease termination date than the Lease in 12A; the modification synchronizes the termination of both agreements by changing the Lease in 12B to match the Lease in 12A.
In addition, the gross profit language has been added to this Lease.

Item 12C is a tri-party Agreement between the City, the Lessee and the Sub-Lessee to allow a Lot-Tie for Parcels 53 (12A) and 54 (12B). A Lot-Tie is required if there is to be

construction over the property line. This is needed to tie the Parcel and Leaseholds into one development. The last portion of Item 12C is for the City to sign off as property owner for the storm drain connection on City-owned property.

Respectfully submitted,

LeROY J. JACKSON
CITY MANAGER

By _____
Brian K. Sunshine
Assistant to the City Manager

CONCUR:

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LeRoy J. Jackson
City Manager