

Council Meeting of  
January 13, 2008

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

**Members of the Council:**

**SUBJECT: Grant/Loan Agreement Between the City of Torrance and  
The Daily Breeze – Media News Group, Inc.**

**Expenditure: \$52,372.00**

**RECOMMENDATION**

Recommendation of the City Manager that the City Council approve an Economic Investment Fund (EIF) Grant/Loan Agreement with The Daily Breeze – Media News Group, Inc. in the amount of \$52,372.00 to provide economic assistance in order to retain the business within the city of Torrance.

**FUNDING**

Funding is available in the Economic Development Program in the City Manager's Operating Budget.

**BACKGROUND/ANALYSIS**

The Economic Investment Fund was established in 1994 as a mechanism to assist businesses in relocating to or expanding in the City of Torrance. Prospective clients are considered based on the jobs they will create or retain; the types of jobs created, as well as other factors that contribute to the Torrance community. The business is monitored over a five year period and as a condition of the agreement is expected to remain in operation within the city for that five year period, otherwise the loan is required to be repaid in accordance with a sliding scale.

The Daily Breeze will be moving from their long time location at 5215 Torrance Boulevard to 21250 Hawthorne Boulevard before February 1, 2009. In order to retain the jobs provided by the newspaper and to ensure the residents of Torrance continue to be served by a trusted local media source, an agreement has been

prepared for the City to provide assistance to The Daily Breeze to offset their moving expenses. In return, the newspaper will provide a credit for advertising space to be used by the City over the next five years for communication from the City to residents and businesses.

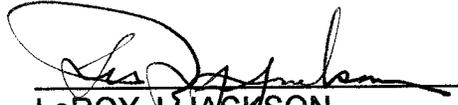
Further, by establishing this agreement, the City and the Daily Breeze will continue to solidify the relationship established over the years and work together to pursue opportunities that arise that will benefit the Torrance community as a whole. Staff is requesting authorization to use \$52,372 to provide assistance to the Daily Breeze for their relocation costs and retain the newspaper within the city of Torrance.

Respectfully submitted,

LeROY J. JACKSON

By:   
\_\_\_\_\_  
Fran Fulton  
Management Associate

CONCUR:

  
\_\_\_\_\_  
LeROY J. JACKSON  
City Manager

Attachment: Daily Breeze Grant/Loan Agreement

**CITY OF TORRANCE  
GRANT/LOAN AGREEMENT**

This Grant/Loan Agreement is made and entered into this 13th day of January, 2009 by and between the City of Torrance, a municipal corporation, "City", and The Daily Breeze – Media News Group, Inc., a Delaware Corporation "Company".

**RECITALS:**

**WHEREAS**, Company has chosen to keep their headquarters within the city of Torrance, maintaining a long term relationship with the City of Torrance and the South Bay, retaining local jobs, and ensuring the residents of Torrance a continued focus on local issues and events through a trusted local media source; and

**WHEREAS**, the City has economic development money to retain jobs within the City, further economic vitality, and reduce commercial vacancy in the City;

**NOW, THEREFORE**, the parties hereto agree as follows:

**AGREEMENT:**

1. **Performance By City**

Subject to the provision of paragraph 2 below, City agrees that it will provide the Company with fifty two thousand three hundred seventy two dollars (\$52,372.00) to assist Company with moving costs related to their relocation from 5215 Torrance Blvd to 21250 Hawthorne Boulevard.

City will provide the funds upon execution of this Agreement and submission of signed lease documents for their relocation to 21250 Hawthorne Boulevard, provided relocation is completed on or before February 1, 2009.

2. **Performance By Company**

a) Company agrees that in consideration of the above-enumerated payment, Company will relocate and retain its principle place of business and remain operating in Torrance for a period of at least five consecutive years from and after February 1, 2009.

b) Company further agrees to provide the City a credit of \$52,372.00 of advertising space at the following rates:

City of Torrance Trade Advertising Rates

Daily Breeze

Total Trade Value \$52,372

Trade expires upon \$52,372 expenditure and is non-renewable.

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>1-7"</b>	65.25	68.38	71.66	75.10	78.70
<b>8-15"</b>	61.83	64.80	67.91	71.17	74.59
<b>16-30"</b>	55.65	58.32	61.12	64.05	67.12
<b>31-48"</b>	49.61	51.99	54.49	57.10	59.84
<b>48-95"</b>	46.39	48.62	50.95	53.40	55.96
<b>96 - 126"</b>	42.91	44.97	47.13	49.39	51.76

The credit is to be drawn against on a quarterly basis for City advertising. Such advertising will be for City events and other types of business and community advertising. This advertising will not include hearing notice(s) and other such statutory type advertising required by law. The advertising rates quoted above are for print media retail advertising only and the agreement excludes Classified and all forms of Legal and Interactive advertising. In the event print is no longer an option, funds may be used for electronic advertising until funds are depleted. City will give Company a minimum of three (3) days notice of any use of the credit in order to provide Company adequate notice and information of City sponsored events that are to be published in the Daily Breeze. Company agrees to give City a quarterly accounting of any draws against the credit for accounting purposes.

If Company will maintain its principle place of business in the City for five consecutive years, fifty two thousand three hundred seventy two dollars, made up of \$52,372.00 for relocation costs, will be a grant, and City will have received full consideration for the money. The credit as described in Paragraph 2 b) above will not have any cash value at the end of the five consecutive year period and any balance remaining will be forfeited by City. In the event Company fails to maintain its principle place of business in Torrance for five consecutive years the \$52,372.00 will be considered a loan which will be partially repaid in accordance with a sliding scale related to the number of years Company was actually in business in Torrance. Any advertising credit utilized during this time will be deducted prior to establishing a refund balance.

The repayment schedule is as follows:

- 1) If Company relocates or fails the first year - repay 90% of the original loan amount.
- 2) If Company relocates or fails in the second year - repay 75% of the original loan amount.
- 3) If Company relocates or fails in the third year - repay 55% of the original loan amount.
- 4) If Company relocates or fails in the fourth year - repay 20% of the original loan amount.
- 5) If Company relocates or fails in the fifth year - repay 10% of the original loan amount.

c) In the event Company remains in business but converts to a different enterprise than contemplated at the time of this Agreement, described as a newspaper publisher known as the Daily Breeze, City reserves the right to evaluate the new business to determine if the employment and business incentives are the same for the City. In the event City, in its sole discretion, determines that the business incentives are of equal advantage to the City, the repayment schedule set forth above will continue, but in the event City, in its sole discretion, determines that the business incentives are not of equal advantage to the City, City may cancel the payment program, and demand repayment of those portions of the program money, if any, which apply after the cessation of the original program.

d) Company agrees that it will not assign any of the rights or entitlements of this Agreement to any other person, firm or corporation without the express written consent of the City.

### 3. **Amendment or Modification**

This Agreement may not be amended or modified in any way except by written instrument, agreed to by the parties, and executed by the parties hereto.

### 4. **Conflict of Interest**

- a. No officer or employee of the City may have any financial interest, direct or indirect, in this Agreement, nor may any officer or employee participate in any decision relating to the Agreement that effects the officer or employee's financial interest or the financial interest of any corporation, partnership or association in which the officer or employee is, directly or indirectly interested, in violation of any law, rule or regulation.

- b. No person may offer, give, or agree to give any officer or employee or former officer or employee, nor may any officer or employee solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation or any part of a program requirement or purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any way pertaining to any program requirement, contract or subcontract, or to any solicitation or proposal.

5. **Governing Law; Jurisdiction**

This Agreement will be administered and interpreted under the laws of the State of California. Jurisdiction of any litigation arising from the Agreement will be in Los Angeles County, California.

6. **Notice**

In the event either party wishes to give notice to the other, notice will be made by first class United States mail, postage prepaid, or by personal service to the other party at the address listed below, except that either party may change its address by giving notice to the other party of the new address:

CITY: City Clerk  
3031 Torrance Blvd.  
Torrance, CA 90503

COMPANY: The Daily Breeze  
21250 Hawthorne Blvd  
Torrance, CA 90503

7. **Company's Authority to Execute**

The person executing this Agreement on behalf of Company warrants that (i) Company is duly organized and existing; (ii) they are duly authorized to execute this Agreement on behalf of Company; (iii) by so executing this Agreement, the Company is formally bound to the provisions of this Agreement; and (iv) the entering into of this Agreement does not violate any provision of any other Agreement to which Company is bound.

This Agreement is executed by the parties hereto as of the date first written above.

CITY OF TORRANCE

\_\_\_\_\_  
Frank Scotto  
Mayor

DAILY BREEZE

APPROVED AS TO FORM:

JOHN L. FELLOWS, III, CITY ATTORNEY

By: \_\_\_\_\_  
Ron Pohl  
Assistant City Attorney

\_\_\_\_\_  
Mark Ficarra  
President/Publisher