

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

Members of the Council:

**SUBJECT: City Manager – Approve Estoppel Certificate for Leasehold on City-owned property located at 3401 Airport Drive**

**RECOMMENDATION**

Recommendation of the City Manager that City Council authorize the Mayor to Execute and the City Clerk to Attest to an Estoppel Certificate certifying to City National Bank certain Lease terms for City-owned property located at 3401 Airport Drive and Leased to Torrance Airport Hangars, LLC, a Delaware limited liability company.

**FUNDING**

Funding is not required for this item.

**BACKGROUND**

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 hangars. In 2003, the original Master Tenant was bought out by Torrance Hangar Development Company LLC and Mark Dessy individually and Jackie Dessy individually. In October 2007 the Lease was assigned to Torrance Hangars, LLC.

**ANALYSIS**

When the Lease was assigned in 2007 there was no request for an Estoppel Certificate. The Master Tenant now wishes to secure a loan against the Leasehold and the bank is requesting an Estoppel at this time.

Staff conducted an inspection of the property and found certain non-compliance issues with the Lease. The Estoppel has conditional approval as it specifically excludes certain areas of the Leasehold from the Estoppel. Staff will be working with the Master Tenant to gain compliance with Lease terms.

The Estoppel certifies that:

- Other than what is noted in Exhibit A there are no material or potential defaults at this time;
- Lease term is through March 1, 2028 with two five-year options;
- Rent is current;
- California National Bank will be notified with the Master Tenant of any future defaults and or termination of Agreement.

All are currently true and correct and the Estoppel is recommended for signature.

Respectfully submitted,

LeROY J. JACKSON  
City Manager

  
By: Brian K. Sunshine  
Assistant to the City Manager

CONCUR:

  
LeRoy J. Jackson  
City Manager

Attachment:  
A. Estoppel

## ESTOPPEL CERTIFICATE, CONSENT AND AGREEMENT

The undersigned, **City of Torrance**, "Lessor" under that certain lease ("Lease") dated March 2, 1993, with Torrance Airport Hangars, LLC, successor in interest to Great American Aircraft Maintenance Co, Inc., original lessee ("Pledgor" or "Lessee" as the context requires) hereby consents to and acknowledges that Pledgor has conveyed or will convey to City National Bank, a national banking association ("CNB"), a leasehold security interest under the Lease evidenced by a leasehold deed of trust ("Trust Deed") on that certain property ("Property") located at, and commonly known as, 3401 Airport Drive, City Of Torrance, CA, and more fully described as Parcels A and B in Exhibits 1 and 2 to the First Amendment to the Lease.

This Estoppel Certificate, Consent and Agreement ("Agreement") is executed in consideration of CNB extending and continuing to extend credit at the request of Pledgor the maximum amount of Fifteen Million Dollars (\$15,000,000.00), evidenced by the evidence of indebtedness referred to in said Trust Deed and executed in conjunction with the Trust Deed.

Lessor hereby represents, warrants and agrees with CNB, as an inducement for CNB to make said loan and/or extend said credit at the request of Pledgor, as follows:

Lessee has a presently existing, valid and binding leasehold interest in the Property in accordance with the terms of the Lease, a memorandum of which was recorded on May 11, 1993, as Instrument No. 93-892038, in the office of the recorder of Los Angeles County. The Lease has been amended or modified only by agreements bearing the following dates:

First Amendment, dated March 24, 1998, (memorandum thereof recorded on June 29, 1998, as Instrument No. 98-1093697, in the office of the recorder of Los Angeles County).

1. No payments under the Lease are in arrears, and no present default other than those set forth in Exhibit A to this Estoppel exists or will exist with the passage of time in accordance with the terms of the Lease. Lessor does not presently have any defenses, claims, counter-claims or offsets against Lessee pursuant to the terms of the Lease other than those set forth in Exhibit A to this Estoppel. The maturity date of the Lease is March 1, 2028, and is subject to two (2) options to extend for period of five (5) years each.

2. Lessor and Lessee shall not agree to any mutual termination of the Lease nor shall Lessor accept any surrender of the Lease nor consent to any sale, assignment, transfer, amendment or modification of the Lease without the prior written consent of CNB. Any acts by Lessor or Lessee in contravention of the terms of this Paragraph 3 shall be wholly void and of no force and effect.

3. Notwithstanding any default by Lessee in the performance or observance of any agreement, covenant or condition of the Lease on the part of Lessee to be performed or observed, Lessor shall have no right to terminate the Lease unless (a) an event of default shall have occurred and be continuing, (b) Lessor shall have given CNB written notice of such event of default, and (c) CNB shall have failed to remedy such event of default or acquire Lessee's leasehold estate created by the Lease or commence foreclosure or other appropriate proceedings in the nature thereof, all as set forth in, and within the time specified by, Paragraph 24.4 of the Lease which is incorporated herein by this reference. In that connection, pursuant to such Paragraph, Lessee specifically elects to have all such notices provided to CNB as set forth in Section 4, hereof.

4. Lessor shall mail or deliver to CNB a duplicate copy of any and all notices which Lessor may from time to time give to or serve upon Lessee pursuant to the provisions of the Lease, and such copy shall be mailed or delivered to CNB simultaneously with the mailing or delivery of same to Lessee. No notice by Lessor to Lessee under the Lease shall be deemed to have been given unless and until a copy thereof shall have been mailed or delivered to CNB as herein set forth. The address for mailing such notice to CNB is as follows:

City National Bank  
500 Esplanade Drive, Second Floor,  
Oxnard, CA 93036  
Attention: Mike Cirlin, Vice President

5. Foreclosure of CNB's leasehold mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in said leasehold mortgage, or any conveyance of the leasehold estate created thereby from Lessee to CNB through, or in lieu of, foreclosure or other appropriate proceedings shall be governed by California law and shall be subject to Paragraph 23(d) of the Lease, which is incorporated herein by this reference.

6. If, for any reason, the Lease shall terminate prior to the expiration of the term thereof, Lessor agrees that CNB shall have the right, enforceable by specific performance, to receive from Lessor, within thirty (30) days after such termination, a new lease of the Property for a term ending on the same date as the original Lease. If Lessor, through no cause of CNB, shall fail to execute said new lease within said thirty-day period, the term of the new lease shall be extended for a period of time equal to the period of time from the expiration of such original Lease to the date of execution of the new lease.

7. Lessor is aware of, and consents to, the terms and purposes of the note secured by the Trust Deed, and any extensions or renewals thereof. Execution of this Agreement constitutes acknowledgement by Lessor that CNB is an approved encumbrance holder under the terms of the Lease. Lessor agrees that the terms of this Agreement shall govern over any provision inconsistent herewith in the Lease.

8. Notwithstanding anything to the contrary expressed or implied anywhere in the Lease, Lessor shall not subordinate the Lease to any mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the Property, or to any renewals, modifications and extensions thereof, unless (a) CNB shall have consented to such subordination, which consent shall not be withheld unreasonably, and (b) the holders of any such encumbrances shall have executed a non-disturbance and attornment agreement in form and substance acceptable to CNB.

9. The terms of this Agreement shall inure to the benefit of and be binding upon Lessor, Lessee, CNB, and their successors and assigns.

**IN WITNESS WHEREOF**, this Agreement is executed as of the 1st day of December, 2008.

“Lessor”

**City of Torrance**, a  
municipal corporation

By: \_\_\_\_\_

Frank Scotto, Mayor

**ACKNOWLEDGED AND ATTESTED:**

**Torrance Airport Hangars, LLC**, a  
Delaware limited liability company

**City National Bank**, a national  
banking association

By: \_\_\_\_\_  
Kristen Qualls, Secretary

By: \_\_\_\_\_  
Mike Cirlin, Vice President

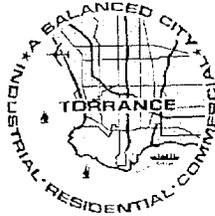
\_\_\_\_\_  
Sue Herbers, City Clerk

**APPROVED AS TO FORM:**

John L. Fellows, III,  
City Attorney

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

# EXHIBIT A




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CITY OF  
TORRANCE

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ZAMPERINI FIELD

May 26, 2009

Shell Demery, Property Manager  
Torrance Airport Hangars, LLC  
905 Rancho Conejo Bl  
Newbury Park, CA 91320

Dear Mr. Demery:

Upon inspection of Torrance Airport Hangars, LLC on March 23 and April 16, 2009, the following results were noted with reference to the lease and the required aeronautical use. At the time of inspections there were four vacant hangars.

After both inspection dates, there was one hangar, 3425-A Airport Dr, which has not been inspected. City staff and your management were unable to reach the tenant John Campbell by phone.

To summarize, the following hangars are not in compliance with the leasehold requirement of the hangars being used for aeronautical purposes:

3395 (Machavia, Inc/D Mockett)	3407-A John Roth/Aero One Inc
3409-E Industrial Dynamic/S Calhoun	3409-F Tom Dietiker
3409-G James Brannan	3409-H James Brannan
3417-A Dennis Levine	3417-H Donald Ferrara
3425-A John Campbell	3425-B Erick Joiner/Tool of No. America
3425-H Chris & Linda Nanji/Magnetic Component	

Please reference the attached document for complete inspection results and remedies.

If you have any further questions, please call the Airport Administration Office at (310) 784-7900.

Sincerely,



Shant Megerdichian  
Facilities Operations Manager

Cc: Brian Sunshine, City Managers Office

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AIRPORT ADMINISTRATION

3301 Airport Drive • Torrance, California 90505 • Telephone 310/784-7900 • Fax 310/784-7930

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LOCATION	TENANT INFO	INSPECTION RESULTS AND REMEDY
<p>Site:            Tenant:            Aircraft Registered:            Aircraft N#:            Compliant:</p>	<p>3395 Airport Drive            Machavia, Inc            Yes            28DM            No</p>	<p>At the time of inspection, no aircraft was present. In addition the aircraft listed, N28DM is registered as a jet aircraft. Per section 6.3.1, p.15 of Torrance Airport Hangars' lease agreement with the City, jet aircraft are not permitted to be based at Torrance Municipal Airport-Zamperini Field.</p> <p>Remedy: Tenant Machavia/D. Mockett, inc. can not base aircraft N28DM at Torrance Airport. Tenant must register non jet aircraft to hangar 3395 Airport Drive, or vacate hangar.</p>
<p>Site:            Tenant:            Aircraft Registered:            Aircraft N#:            Compliant:</p>	<p>3401 Airport Drive            John Muckel            Yes            88730            Yes</p>	<p>Aircraft N88730 is registered to tenant Muckel and present in hangar. In addition to aircraft, hangar consists of numerous classic cars. Tenant Muckel must maintain an aircraft in the hangar to remain compliant.</p>
<p>Site:            Tenant:            Aircraft Registered:            Aircraft N#:            Compliant:</p>	<p>3407-A Airport Drive            John Roth/Aero One Inc.            Yes            500E            No</p>	<p>Business appears to be conducted from this hangar. City of Torrance does not have a business license on file for Aero One Inc. Aircraft N500E and N20999 not registered to hangar tenant. In addition, alcohol observed in hangar. Per section 45.4.2 of the Torrance Municipal code, "It shall be unlawful for any person to consume any alcoholic beverage upon any public street, sidewalk, alley, pool area, airport...."</p> <p>Remedy: Tenant Roth must acquire Torrance Business License to conduct aeronautical business from hangar 3407-A or show proof of ownership or use agreement. Tenant must also remove alcoholic beverages from hangar.</p>
<p>Site:            Tenant:            Aircraft Registered:            Aircraft N#:            Compliant:</p>	<p>3407-B Airport Drive            Troy Wood            Yes            712JD            Yes</p>	<p>Aircraft N712JD present in hangar.</p>
<p>Site:            Tenant:            Aircraft Registered:            Aircraft N#:            Compliant:</p>	<p>3407-C Airport Drive            Mark Dessy            Yes            111DY            Yes</p>	<p>Aircraft N111DY present in hangar. Aircraft is registered and insured to Blue Planet Aviation in care of Mark Dessy.</p>
<p>Site:            Tenant:            Aircraft Registered:            Aircraft N#:            Compliant:</p>	<p>3409-A Airport Drive            Hector Hernandez            /Pacific Coast Aero            N/A-Business            N/A            Yes</p>	<p>Pacific Coast Aero is an active aircraft maintenance business, currently licensed by the City of Torrance.</p>
<p>Site:            Tenant:            Aircraft Registered:            Aircraft N#:            Compliant:</p>	<p>3409-B            John Thornburgh            Yes            6612            Yes</p>	<p>Aircraft N6612 is registered to tenant Thornburgh. Hangar appears to be used for aeronautical purposes. Mr. Thornburgh currently not on airfield due to injuries incurred during aircraft accident. Mr. Thornburgh is an instructor for the Sports Flying Club.</p>

<p><b>Site:</b> 3409-C Airport Drive</p> <p><b>Tenant:</b> Nick D'Anello</p> <p><b>Aircraft Registered:</b> N/A-Business</p> <p><b>Aircraft N#:</b> N/A</p> <p><b>Compliant:</b> Yes</p>	<p>Hangar used for Los Angeles Aviation business ( flight instruction). Contains small office in back of hangar.</p>
<p><b>Site:</b> 3409-D Airport Drive</p> <p><b>Tenant:</b> Richard Kovacs</p> <p><b>Aircraft Registered:</b> Yes</p> <p><b>Aircraft N#:</b> 8445G</p> <p><b>Compliant:</b> Yes</p>	<p>Aircraft N8445G registered to tenant Kovacs and present in hangar.</p>
<p><b>Site:</b> 3409-E Airport Drive</p> <p><b>Tenant:</b> Steven Calhoun</p> <p><b>Aircraft Registered:</b> No</p> <p><b>Aircraft N#:</b> No</p> <p><b>Compliant:</b> No</p>	<p>Hangar 3409-E contained numerous cars, hydraulic lift and many other automotive accessories. Only shell of salvaged R-22 Helicopter was present in hangar with no other aeronautical parts present. Industrial Dynamics is company name.</p> <p>Remedy: Tenant must register aircraft and show proof of aeronautical activity in hangar</p>
<p><b>Site:</b> 3409-F Airport Drive</p> <p><b>Tenant:</b> Tom Dietiker</p> <p><b>Aircraft Registered:</b> Yes</p> <p><b>Aircraft N#:</b> 707AV</p> <p><b>Compliant:</b> No</p>	<p>Aircraft 707AV present in hangar but registered to Eleigh Aviation LLC.</p> <p>Remedy: Tenant must show proof of ownership or use agreement.</p>
<p><b>Site:</b> 3409-G Airport Drive</p> <p><b>Tenant:</b> James Brannan</p> <p><b>Aircraft Registered:</b> No</p> <p><b>Aircraft N#:</b> No</p> <p><b>Compliant:</b> No</p>	<p>Fuselage and frame of aircraft only. Miscellaneous non-aeronautical items in hangar.</p> <p>Remedy: Tenant must register aircraft and show proof of aeronautical activity in hangar to be compliant.</p>
<p><b>Site:</b> 3409-H Airport Drive</p> <p><b>Tenant:</b> James Brennan/Gardens Aviation</p> <p><b>Aircraft Registered:</b> No</p> <p><b>Aircraft N#:</b> No</p> <p><b>Compliant:</b> No</p>	<p>Non-Aviation business observed in hangar. Business not licensed with City of Torrance. No aircraft registered or aeronautical items in hangar.</p> <p>Remedy: Cease non-aeronautical business. If tenant wishes to continue operating business from hangar 3409-G, business must be approved through City of Torrance as an aeronautically based business. If no business will be conducted at hangar, tenant must register aircraft and show proof of aeronautical activity in hangar to be compliant.</p>
<p><b>Site:</b> 3417-A Airport Drive</p> <p><b>Tenant:</b> Dennis Levine</p> <p><b>Aircraft Registered:</b> Yes</p> <p><b>Aircraft N#:</b> 129Ca</p> <p><b>Compliant:</b> No</p>	<p>Aircraft N129CA present in hangar but registered to Air Ventura, Inc. In addition, hangar contains numerous non-aero-nautical items such as automobiles and storage, leaving little to no room for aviation purposes.</p> <p>Remedy: Tenant must show proof of ownership or use agreement.</p>

<p><b>Site:</b>  <b>Tenant:</b>  Aircraft Registered:  Aircraft N#:  Compliant:</p>	<p>3417-B Airport Drive  Robert Christy/Air Ventura Inc.  Yes  930BC  Yes</p>	<p>Aircraft registered to tenant Christy and present in hangar.</p>
<p><b>Site:</b>  <b>Tenant:</b></p>	<p>3417-C Airport Drive  Vacant</p>	
<p><b>Site:</b>  <b>Tenant:</b>  Aircraft Registered:  Aircraft N#:  Compliant:</p>	<p>3417-D Airport Drive  Tom Whinfrey  Yes  4067G  Yes</p>	<p>Helo N4067G present in hangar and registered to Diamond Helicopter (sub-tenant). N44552 present in hangar &amp; registered to sub-tenant Kurt Driskill.</p>
<p><b>Site:</b>  <b>Tenant:</b></p>	<p>3417-E Airport Drive  Vacant</p>	
<p><b>Site:</b>  <b>Tenant:</b>  Aircraft Registered:  Aircraft N#:  Compliant:</p>	<p>3417-F Airport Drive  Chris and Linda Nanji  Yes  4174D  Yes</p>	<p>Aircraft N4174D registered to tenant Nanji and present in hangar.  Magnetic Component Eng. Is company name.</p>
<p><b>Site:</b>  <b>Tenant:</b></p>	<p>3417-G Airport Drive  VACANT</p>	
<p><b>Site:</b>  <b>Tenant:</b>  Aircraft Registered:  Aircraft N#:  Compliant:</p>	<p>3417-H Airport Drive  Donald Ferrara  No  1456  No</p>	<p>Hangar 3417-H contains numerous non-aeronautical items including a large boat and trailer. There is a fuselage of an aircraft which tenant Ferrara states he will be building. Tenant Ferrara claims aircraft N1456 belongs to him but shows a sold status per the FAA website. New owner is Richard Johnson. This aircraft was not in hangar, but on lie down adjacent to hangar. N1456 is currently registered to City Hangar 2719-A.  Remedy: Tenant must show proof of ownership of the aircraft, sub-tenant agreement, or vacate hangar.</p>
<p><b>Site:</b>  <b>Tenant:</b>  Aircraft Registered:  Aircraft N#:  Compliant:</p>	<p>3425-A Airport Drive  John Campbell  No  No</p>	<p>At the time of inspection, there was no hangar access. Through window visibility, it appears hangar is used as a warehouse with non-aeronautical items. This is consistent with previous inspections in prior years.  Remedy: Tenant must register aircraft to be compliant or register with City of Torrance to operate a business. Hangar must then be accessible by City staff to verify.</p>
<p><b>Site:</b>  <b>Tenant:</b>  Aircraft Registered:  Aircraft N#:  Compliant:</p>	<p>3425-B Airport Drive  Erick Joiner/Tool of America  No  No</p>	<p>Hangar 3425-B contains numerous non-aeronautical items, primarily automotive parts and accessories. A hydraulic automotive lift was observed along with storage shelving for non-aeronautical items.  Remedy: Tenant must register aircraft and show proof of aeronautical activity in hangar to be compliant.</p>

Site: Tenant:	3425-C Airport Drive Vacant	Sports Flying Club/MGL Avionics is an active sports flying instruction business, currently licensed by the City of Torrance.
Site: Tenant: Aircraft Registered: Aircraft N#: Compliant:	3425-D Airport Drive Sports Flying Club/Matt Liknaitzky Yes 7197t & 2ND Yes	
Site: Tenant: Aircraft Registered: Aircraft N#: Compliant:	3425-E Airport Drive Erick Goldberg Yes 122G Yes	World Trade Enterprise is an import/export business of helicopter parts and currently licensed by the City of Torrance.
Site: Tenant: Aircraft Registered: Aircraft N#: Compliant:	3425-F Airport Drive Nevada Air Mgt/Fred Fagan Yes 1944G Yes	Aircraft N1944G registered to tenant Nevada Air and present in hangar.
Site: Tenant: Aircraft Registered: Aircraft N#: Compliant:	3425-G Airport Drive Bruce Herber Yes 8099H Yes	Aircraft N8099H registered to tenant Bruce Herber and present in hangar.
Site: Tenant: Aircraft Registered: Aircraft N#: Compliant:	3425-H Airport Drive Magnetic Component Eng No NA No	Aircraft N6098T in hangar, but registered to Sakakibara Inc. In addition, hangar contains numerous non-aeronautical items such as automobiles and storage, leaving little room for aviation purposes. Tenant Chrts & Linda Narjji also rent hangar 3417-F which N4174D was present at time of inspection. In addition, alcoholic beer taps were observed. Per section 45.4.2 of the Torrance Municipal code, " It shall be unlawful for any person to consume any alcoholic beverage upon any public street, sidewalk, alley, pool area, airport,...." Remedy: Tenant must show proof of ownership or use agreement. Tenant must remove alcoholic dispenser and any alcohol from hangar.