



Administrative Report

H.9., File # 25-0720

Meeting Date: 5/20/2025

To: MAYOR AND CITY COUNCIL

From: GREG KAPOVICH, WATERFRONT & ECONOMIC DEVELOPMENT DIRECTOR

TITLE

APPROVE A LESSOR AGREEMENT, SERVING AS AN ESTOPPEL FOR SUNRISE-HARBOR LTD., FOR THE REFINANCING OF THE REDONDO BEACH HOTEL

EXECUTIVE SUMMARY

The Redondo Beach Hotel, which is owned and operated by Sunrise Harbor Ltd. (Lessee) is in the process of refinancing its existing mortgage loan. Pursuant to the terms of the 2013 Ground Lease between the City and Sunrise Harbor Ltd., prior to execution of a new loan agreement, the City as landlord must execute and deliver an Estoppel Agreement which confirms the status of the lease for the lender on items such as rent payments, the amount of tenant deposits, and whether there are any outstanding lease violations. City staff have reviewed the payment history for Sunrise Harbor Ltd. and confirmed that the Lessee is current with all lease requirements. As such, it is recommended that the Council approve the proposed Lessor Agreement, which acts as an Estoppel Agreement, confirming good standing of the City's Land Lease with Sunrise Harbor Ltd. The Agreement was prepared by the City's outside legal counsel responsible for waterfront leasing.

BACKGROUND

Sunrise Harbor Ltd. is the current Lessee under a Ground Lease with the City of Redondo Beach, dated December 18, 2013, for the premises occupied by the Redondo Beach Hotel at 400 North Harbor Drive. The property sits at the northeast corner of Beryl Street and North Harbor Drive, is bordered by a Salvation Army residence facility to the east, and the AES plant to the north. The Redondo Beach Hotel occupies a 2.32-acre parcel with 112 guest rooms, 2 event spaces, fitness center, pool and spa area, and other amenities typically offered at a boutique hotel.

Under the terms of the City's 2013 Ground Lease, Sunrise Harbor Ltd. may request that the City provide an Estoppel Agreement which certifies that the Lessee is in good standing with all lease requirements. This is the first time Sunrise Harbor Ltd. has refinanced the mortgage since the lease was established in 2013. Staff from the City Attorney's Office and the Waterfront and Economic Development Department have confirmed that the Lessee remains in compliance with all lease obligations and have worked with the City's real estate attorney to prepare the proposed Lessor Agreement for Council consideration. Approval of the agreement will satisfy the need for an Estoppel as part of Sunrise Harbor Ltd.'s loan refinancing process.

COORDINATION

The Waterfront and Economic Development Department collaborated with the City Attorney's Office on the report. The City Attorney's Office, with assistance from outside legal counsel, prepared the Lessor Agreement.

FISCAL IMPACT

Approval of the Lessor Agreement does not have a financial impact on the City, but will allow Redondo Beach Hotel to obtain financing that is critical to maintaining property operations.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Proposed Lessor Agreement
- Exhibit A - Legal Description of Premises
- Exhibit B - Lease between the City of Redondo Beach and Sunrise-Harbor Ltd. (December 18, 2013)