



Administrative Report

H.19., File # 21-2573

Meeting Date: 6/1/2021

To: MAYOR AND CITY COUNCIL

From: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR

TITLE

APPROVE THE ESTOPPEL CERTIFICATE AND CONSENT TO DEED OF TRUST BETWEEN THE CITY OF REDONDO BEACH AND PORTOFINO HOTEL PARTNERS, L.P.

EXECUTIVE SUMMARY

The Lessee has requested an Estoppel Certificate and Consent to Deed of Trust from the City of Redondo Beach to enable the Lessee to finalize a \$38,000,000 loan refinance with Rockbridge Hospitality Fund VIII L.P. for the area within King Harbor commonly referred to as the Portofino Hotel.

BACKGROUND

Lessee is the current leaseholder of the "Portofino Hotel" leasehold from the City under a lease that was executed on April 1, 2006 (the "Lease"). The Portofino Hotel leasehold occupies the far western portion of the area within King Harbor known as Mole C. The Portofino operations include a hotel and related banquet facility, marina, restaurant, rental apartments, and boat refueling station.

Pursuant to the terms of the Lease, the Lessee is entitled to use the Lessee's interest in the Lease to secure funding from a lender. The Lessee has requested the City's consent to a refinancing with Rockbridge Hospitality Fund VIII L.P. pursuant to these terms.

As part of the refinance process, the Lessee has requested that the City issue an Estoppel Certificate and Consent to Deed of Trust. An Estoppel Certificate is a statement regarding the Lease at a specific point in time and is typically requested just prior to an assignment (sale) or, as in this case, a refinance. The Lender typically requests an Estoppel Certificate to receive assurance that the Lease is in full force and effect; there are no other known encumbrances on the Lease; that all of the obligations under the Lease have been satisfied; that the Lessee is current on all payments due and is not in default; and/or to completely understand the any other terms of the Lease.

After reviewing the terms of the Lease, the Lessee is in compliance with the Lease and the City has prepared the attached Estoppel Certificate and Consent to Deed of Trust for execution by the parties.

COORDINATION

The Waterfront and Economic Development Department collaborated with the City Attorney's Office on this report. The City Attorney's Office has approved the document as to form.

FISCAL IMPACT

Approval of the Estoppel Certificate does not have any budget or financial impact.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

- Lease between the City of Redondo Beach and Portofino Hotel Partners, L.P.
- 1st Amendment to the Lease between the City of Redondo Beach and Portofino Hotel Partners, L.P.
- Portofino Estoppel Certificate