



Administrative Report

H.15., File # 21-3165

Meeting Date: 10/19/2021

To: MAYOR AND CITY COUNCIL

From: STEPHEN PROUD, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR

TITLE

APPROVE THE AMENDED AND RESTATED ESTOPPEL CERTIFICATE AND CONSENT TO DEED OF TRUST BETWEEN THE CITY OF REDONDO BEACH AND PORTOFINO HOTEL PARTNERS, L.P. A CALIFORNIA LIMITED PARTNERSHIP

EXECUTIVE SUMMARY

On June 1, 2021, the Redondo Beach City Council approved an Estoppel Certificate and Consent to Deed of Trust to enable Portofino Hotel Partners, L.P. (the "Lessee") to finalize a loan refinancing (the "Loan") for the Portofino Hotel leasehold within King Harbor. Subsequent to that approval, Rockbridge Hospitality Fund VIII L.P. (the "Lender") submitted a request to the City for an amendment to the Estoppel Certificate and Consent to Deed of Trust to further allow an assignment of the Loan from the Lender to Goldman Sachs Bank USA ("Goldman"). The assignment of the Loan to Goldman does not change any terms or conditions of the Lease, and the Loan remains subject to and subordinate to the Lease.

BACKGROUND

Lessee is the current leaseholder of the "Portofino Hotel" 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 and/or refinance an existing loan from a lender. As part of a refinancing, the Lender typically requests an Estoppel Certificate to receive assurance that the Lease is in full force and effect; that 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.

On June 1, 2021, the Redondo Beach City Council approved an Estoppel Certificate and Consent to Deed of Trust to enable Portofino Hotel Partners, L.P. to finalize a loan refinancing for the Portofino Hotel leasehold within King Harbor. Subsequent to that approval, Rockbridge Hospitality Fund VIII L.P. (the "Lender") submitted a request to the City for an amendment to the Estoppel Certificate and Consent to Deed of Trust to further allow an assignment of the Loan from the Lender to Goldman

Sachs Bank USA ("Goldman"). The assignment of the Loan to Goldman does not change any terms or conditions of the Lease, and the Loan remains subject to and subordinate to the Lease. Staff recommends the City Council approve the Amended and Restated Estoppel Certificate and Consent to Deed of Trust.

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 Amended and Restated Estoppel Certificate and Consent to Deed of Trust 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.
- Amended and Restated Estoppel Certificate and Consent to Deed of Trust