



STAFF REPORT

SAUSALITO CITY COUNCIL

AGENDA TITLE:

Second Amendment to Old City Hall Lease Agreement with MPA Leasing Corporation

RECOMMENDED MOTION:

Adopt Resolution Authorizing the Execution of the Second Amendment to the Lease Agreement with MPA Leasing Corporation

SUMMARY/BACKGROUND

On July 30, 2003, the City entered into a lease agreement with a nonprofit public benefit corporation, to refinance the \$1,600,000 Certificates of Participation issued in April 1992. The refunding took advantage of lower interest rates which were available and resulted in reductions in debt service requirements over the life of the new debt. Proceeds of \$1,134,239 from the MPA lease were transferred to a trustee and placed in an irrevocable trust to redeem the 1992 COPs. These funds were invested in U.S. government securities to provide for the redemption price and interest through the call date. Accordingly, the 1992 COPs were removed from the balance sheet. Interest and principal payments on the refinanced lease are payable semiannually on each October 1st and April 1st until April 1, 2012.

MPA Leasing Corporation assigned its rights under the Lease Agreement to several investors. One of the assignees has requested that the amounts paid to the investor be split into two equal amounts. This request requires an amendment of the Lease Agreement.

FISCAL IMPACT

There is no fiscal impact resulting from the lease amendment

STAFF RECOMMENDATIONS

Staff recommends that the City Council of the City of Sausalito adopt the resolution authorizing and directing the execution of an amendment to a 2003 lease agreement and authorizing and directing certain actions with respect thereto.

Item #: 46
Meeting Date: 1-11-11
Page #: 1

ATTACHMENTS

- Resolution No. _____ authorizing and directing the execution of an amendment to a 2003 lease agreement and authorizing and directing certain actions with respect thereto.
- Second Amendment to Old City Hall Lease Agreement with MPA Leasing Corporation

PREPARED BY:



Charles D. Francis
Director of Administrative Services / Treasurer

SUBMITTED BY:



Adam Politzer
City Manager

Item #: 46
Meeting Date: 1-11-11
Page #: 2

CITY OF SAUSALITO

RESOLUTION NO. _____

**RESOLUTION AUTHORIZING AND DIRECTING THE EXECUTION OF AN
AMENDMENT TO A 2003 LEASE AGREEMENT AND AUTHORIZING AND
DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO**

RESOLVED, by the City Council (the "Council") of the City of Sausalito (the "City"), as follows:

WHEREAS, in 2003, the City entered into a lease financing to refinance certain certificates of participation executed and delivered in 1992 relating to the renovation of the Old City Hall;

WHEREAS, in connection therewith, the City entered into a lease agreement (the "Lease Agreement") with MPA Leasing Corporation (the "Corporation") and agreed to make lease payments to the Corporation;

WHEREAS, the Corporation assigned its rights under the Lease Agreement to several investors identified by Wulff, Hansen & Co., as placement agent;

WHEREAS, one of the assignees has requested that the amounts paid to it be split into two equal amounts which requires the amendment of the Lease Agreement; and

WHEREAS, the document below specified has been filed with the City and the members of the Council, with the aid of its staff, has reviewed said document;

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

Section 1. An amendment to the Lease Agreement, in the form on file with the City Clerk, be and is hereby approved, and the Mayor, the City Manager, the Finance Director, or the designee of any such official, is hereby authorized and directed to execute said document, with such changes, insertions and omissions as may be approved by such official, and the City Clerk is hereby authorized and directed to attest to such official's signature.

Section 2. The Mayor, the City Manager, the Finance Director, the City Clerk and all other appropriate officials of the City are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution and the financing herein authorized.

Section 3. This Resolution shall take effect upon its adoption by this Council.

Item #: 46
Meeting Date: 1-11-11
Page #: 3

ADOPTED by the Council of the City of Sausalito at a regular meeting held on _____, 20__, by the following vote:

AYES:

NOES:

ABSENT:

By _____
Herb Weiner
Mayor

Attest:

Debbie Pagliaro,
City Clerk

Item #: 4b
Meeting Date: 1-11-11
Page #: 4

AFTER RECORDATION RETURN TO:

MPA Leasing Corporation
351 California Street, Suite 1000
San Francisco, CA 94104
Attention: Mark H. Pressman

THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE. THE TERM OF THIS LEASE IS LESS THAN THIRTY-FIVE YEARS.

SECOND AMENDMENT TO LEASE AGREEMENT

THIS SECOND AMENDMENT TO LEASE AGREEMENT (the "Second Amendment to Lease Agreement"), dated as of December 1, 2010, is by and between the MPA LEASING CORPORATION, a nonprofit, public benefit corporation organized and existing under the laws of the State of California, as lessor (the "Corporation"), and the CITY OF SAUSALITO, a municipal corporation and general law city duly organized and existing under the laws of the State of California, as lessee (the "City"), amending that certain Lease Agreement, dated July 30, 2003, by and between the Corporation and the City, and recorded on September 19, 2003, as Document No. 2003-0116493, in the Official Records of Marin County, California, as amended by that certain First Amendment to Lease Agreement, dated as of July 1, 2009, recorded on September 1, 2009, as Document No. 2009-0050549, in the Official Records of Marin County, California (the "Lease Agreement");

WITNESSETH:

WHEREAS, the City and the Corporation have heretofore entered into that certain Site and Facility Lease, dated July 30, 2003 (the "Site and Facility Lease"), pursuant to which the City leased certain real property, described in Exhibits B and C thereto (the "Property") to the Corporation and the Corporation leased the Property from the City;

WHEREAS, the Corporation and the City have heretofore entered into the Lease Agreement, pursuant to which the Corporation leased the Property to the City and the City leased the Property from the Corporation;

WHEREAS, the Corporation and the Schaffner Family Trust DTD 7/11/88, Helen Jean Schaffner, Trustee, c/o Charles Schwab & Co., (the "Assignee") have heretofore entered into that certain Assignment Agreement, dated July 30, 2003 (the "Assignment Agreement"), pursuant to which the Corporation assigned to the Assignee its right to receive a portion of the lease payments made by the City under the Lease Agreement;

WHEREAS, in connection with the termination of the Assignment Agreement and the execution of a two replacement assignment agreements, it is necessary and desirable that the Lease Agreement be amended; and

WHEREAS, the Lease Agreement authorizes amendment thereof;

4
6/15

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1. Amendment of the Lease Agreement.

(a) Paragraph (f) Section 4.4 of the Lease Agreement is hereby amended in full as follows:

(f) Assignment. The City understands and agrees that all Lease Payments have been assigned by the Corporation to the Assignees pursuant to the Assignment Agreements, and the City hereby assents to such assignment. The Corporation hereby directs the City, and the City hereby agrees to pay to the Assignees at the following addresses, all payments payable by the City pursuant to this Section 4.4 (as detailed in Exhibit C attached hereto) and all amounts payable by the City pursuant to Article X hereof:

By wire to:

- (1) Lewis Erlicht and Wilma Erlicht Ttees
FBO Lewis and Wilma Erlicht Family Trust Dtd 6/9/86
Wire Instructions:
c/o Charles Schwab & Co.
Citibank NA New York, NY
ABA #021-000-089
Account #4055-3953 — Bond Interest Dept.
FCT: #7935-2831 (Erlicht Family Trust)
- (2) Schaffner Family Trust Bypass
S. Robinson & P. Richards Ttees
U/A DTD 07/11/1988 FBO J. Schaffner
Wire Instructions:
c/o Charles Schwab & Co.
Citibank NA New York, NY
ABA #021-000-089
Account #4055-3953 — Bond Interest Dept.
FCT: #7935-2831 (Schaffner Family Trust)
- (3) Schaffner Family Trust Bypass
Peter Charles Richards Ttee
U/A DTD 07/11/1988
Wire Instructions:
c/o Charles Schwab & Co.
Citibank NA New York, NY
ABA #021-000-089
Account #4055-3953 — Bond Interest Dept.
FCT: #7935-2831 (Schaffner Family Trust)
- (4) Martha Koplin Trustee
Koplin Family Trust Dtd 7/26/88
Wire Instructions:
c/o Charles Schwab & Co.
Citibank NA New York, NY
ABA #021-000-089
Account #4055-3953 — Bond Interest Dept.
FCT: #7935-2831 (Koplin Family Trust)

- (5) Charles Schwab & Co. Inc., Custodian, FBO Robert B. Carusi IRA
Wire Instructions:
c/o Charles Schwab & Co.
Citibank NA New York, NY
ABA #021-000-089
Account #4055-3953 — Bond Interest Dept.
FCT: #7395-2831 (Robert B. Carusi IRA)
- (6) Peg Yorkin Trustee of the
Peg Yorkin Living Trust Dtd 8/30/88
Wire Instructions:
c/o Charles Schwab & Co.
Citibank NA New York, NY
ABA #021-000-089
Account #4055-3953 — Bond Interest Dept.
FCT: #7935-2831 (Yorkin Living Trust)

or such other account as shall be provided to the City by the Assignees upon request. In addition, all references herein to the Corporation, when context implies the Assignees, shall be assumed to also refer to the Assignees, even if not specifically so indicated.

SECTION 2. Definitions. Capitalized terms used, but not otherwise defined, herein shall have the meanings ascribed thereto in the Lease Agreement.

SECTION 3. Execution in Counterparts. This Second Amendment to Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4. Applicable Law. This Second Amendment to Lease Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Corporation and the City have caused this Second Amendment to Lease Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

MPA LEASING CORPORATION, as Lessor

By _____
Mark H. Pressman,
President

Attest:

Geraldine I. Marania,
Secretary

CITY OF SAUSALITO, as Lessee

By _____
Charles Francis
Administrative Services Director / Treasurer

Attest:

Debbie Pagliaro,
City Clerk

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

46
9

EXHIBIT A

DESCRIPTION OF THE SITE

All that certain real property situated in the City of Sausalito, Marin County, State of California, described as follows:

Old City Hall building, located at 729 - 731 Bridgeway, Sausalito, California, more specifically, identified as Marin County Assessor's Parcel 65-071-07.

The existing building, in its present condition, is a masonry structure built in approximately 1908.

It is situated on a 7,329.24 square foot site and currently contains approximately 10,406 square feet on two floors and a basement. It has approximately 6,472 net commercial rentable space.

The building was built by the City to serve as the City Hall. The property functioned in that capacity until 1974, when according to Assessor Records, the building was converted to retail use. Subsequently, the portions of the building have undergone remodeling and alterations, most of which have occurred in the form of tenant improvements. A substantial remodeling was reported to have occurred in 1984. According to a Preliminary Title Report dated October 24, 1990, prepared by First American Title Company, the title to the property is vested in the City. Although the date of acquisition of the property by the City is not available, it is estimated that the property has been owned by the City since the time of construction. Assessor Records verify such ownership since at least 1956.

EXHIBIT B

DESCRIPTION OF IMPROVEMENTS TO THE FACILITY

Proceeds from the sale of the 1992 Certificates were used by the City for the rehabilitation of the Old City Hall building. The rehabilitation included the expansion and seismic upgrade of an approximately 8,203 square foot unreinforced masonry building. The facility was originally built in 1894 and served as the City of Sausalito City Hall from 1924 to 1974. In 1974, the City relocated to its current office and leased the building to commercial tenants.

In 1992, the building was renovated and enlarged. A part of the renovation was done to meet minimum standards for seismic safety. The enlargement effectively extended the rear of the building. On completion of the rehabilitation and expansion, the property contained a total gross area of 10,406 square feet allocated between 7,906 square feet on the first and second floors, and 2,500 square feet in the basement, with approximately 6,472 net rentable square feet. Under the terms of the Lease Agreement, the City has established the Old City Hall Enterprise Fund for the deposit of Rental Revenues which are pledged toward the Lease Payments.

Construction of the improvements was completed in late 1992.

