



City of Santa Barbara
Airport Department

DATE: January 15, 2014
TO: Airport Commission
FROM: Hazel Johns, Acting Airport Director *HJ*
SUBJECT: Lease Amendment Agreement – La Patera Investors, LP

RECOMMENDATION:

That the Airport Commission approve and authorize the Airport Director to execute a Lease Amendment Agreement with La Patera Investors, L.P., a California Limited Partnership, amending Article XXIII, Subletting and Assignment of Lease Agreement No. 19,067, as amended, to allow encumbrance of the leasehold by an approved Mortgagee.

DISCUSSION:

The subject premises are located north of Hollister Avenue at 80 South La Patera Lane, in an Airport Industrial (AI-1) zone and are used primarily for parking for the adjacent fee owned property, which is located in the City of Goleta.

On January 8, 1998, the City entered into a five-year lease with four five-year options, (Agreement No. 19,067) with La Patera L.L.C. for 41,760 square feet of improved land for outside storage and parking in conjunction with the adjacent property, which they own. The first three of the five-year options have been exercised. The lease expires on January 7, 2023. City Council approved the Assignment of Lease Agreement No. 19,067, as amended, to La Patera Investors, L.P. January 29, 2002.

As part of the original Lease Agreement, La Patera was required to make substantial improvements to the property including; pavement sealing and re-striping, additional landscaping, fencing and installation of curb, gutter and sidewalk along La Patera Lane, which were completed in June 1998.

At this time, La Patera Investors, L.P., is refinancing the fee owned property. The proposed Mortgagee requires that the City's leasehold also be encumbered. The lease requires the City's consent to any encumbrance. Council has approved two prior amendments (June 4, 1998 and January 25, 2005) to allow the financing of La Patera's fee owned property and encumbering of the City's leasehold interest. The proposed lease amendment substitutes the proposed Mortgagee, RiverSource Life Insurance Company, for the current lender.

La Patera is a tenant in good standing at the Airport, and staff has carefully reviewed the request and recommends approval of the amendment allowing encumbrance of the leasehold by RiverSource Life Insurance Company, the proposed Mortgagee.

PREPARED BY: Business & Property Division

ATTACHMENT: Map

