

Torrance, California
December 11, 1956

MINUTES OF A PRE-COUNCIL MEETING
OF THE TORRANCE CITY COUNCIL AND
REPRESENTATIVES OF THE HOLDERS OF
THE "STORE PROPERTIES, INC." LEASE.

The City Council of the City of Torrance met at 7:00 P. M. Tuesday, December 11, 1956, in a Pre-Council meeting with representatives of the City National Bank, executors of the estate which holds the "Store Properties, Inc.", lease, Mr. Hall, who represents the City of Torrance in this matter. The meeting was held in the Council Chamber, City Hall, Torrance. The property involved is known as the "Airport Triangle", at the corner of Pacific Coast Highway and Crenshaw Boulevard.

Mayor Isen said he and City Manager Stevens and Mr. Hall had met with the gentlemen who are here for dinner earlier in the day, and introduced Mr. Weill.

Mr. Weill said he was here representing the City National Bank of Beverly Hills, whose Vice-President and Trust Officer, Mr. Slater, was also present.

Mr. Weill recounted to the Council the death of Mr. Genis, the original lessor of the property. While the lease is held by Store Properties, Inc., Store Properties was owned by Mr. Genis and Mr. Swig, who has met with the Council.

At the time of Mr. Genis's death, the Farmers & Merchants Bank was the executor of his estate, but some months ago that Bank resigned, and after a period of several months the City National Bank of Beverly Hills had qualified as their successor. He said that in tracing the development of the lease, the City National Bank found that Coldwell-Banker had been most diligent and energetic in their work. They had, in fact, prepared a lease for Panorama Markets to lease property there, and it is still possible that they will sign the lease which was made ready for them.

Under the California law, however, Court approval must be obtained of any leases signed on property held in estates, and in California a Probate Court cannot authorize any lease of estate property such as this is for a period of more than 10 years. Mr. Weill explained that it is not possible to develop the area on a 10-year lease basis.

For the reasons given, City National Bank of Beverly Hills wanted to find someone suitable to develop the property to buy it, but it is not true that they are trying to 'peddle' the property.

Mr. Weill stated that, to date, about \$87,000 has been spent on the property; \$25,000 has been deposited with the City; the rent has been paid for a year; attorneys have been sent to Washington to clear up certain restrictions; and in many ways Store Properties have gone to great expense. He admitted that none of this shows, but nonetheless the money has been spent to assist in the development of the property.

Their first job, he said, was finding a person who would be a worthy person to develop the property as the residents of the area and the City Council want it developed.

Fortunately, Mr. Weill observed, they had found Mr. Morris Linde, who was represented at this meeting by his attorney, Mr. John Sisson. Mr. Weill outlined the proposition City National Bank is working on as follows:

- a. The City is interested in having a commercial shopping center.
- b. City National Bank of Beverly Hills is interested in seeing that the property is sold. The estate will lose about \$12,000 on the property from all appearances.
- c. Mr. Linde is interested in getting a lease satisfactory to a lending institution and to a Title Insurance Company. The kind of loans that will be needed must be obtained from banks, insurance companies, and such institutions as will require ATA policies.

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With these points of interest, Mr. Weill said a suggestion has been made that this be worked out to the point that an escrow may be set up with certain conditions made to satisfy the City.

Mr. Weill reminded the Council that the lease as originally drawn had certain restrictions which had to be withdrawn by the CAA to satisfy the Title Insurance & Trust Co. He said Mr. Hall had gone to Washington for that purpose, and had been able to get the restrictions removed.

Other modifications were necessary so that the commercial lending agencies would be protected, and with the help of Mr. George Tackaberry of Equitable, these were worked out.

City National Bank of Beverly Hills, as assignors, would assign to Mr. Linde as follows:

1. Mr. Linde would give a statement satisfactory to the City Council of his plans and intentions to develop the commercial center they want.
2. Suitable lease modifications will be made.
3. The Bank to give Mr. Linde a title.

Such an escrow, Mr. Weill said, could be consummated quickly, and he offered to answer any questions the Council might have.

Mr. Weill then introduced Mr. Sisson, attorney for Mr. Linde.

Mr. Sisson told the Council that Mr. Weill has stated the situation briefly exactly as it was discussed by them, and assured the Council that in the ten years or more he has represented Mr. Linde, Mr. Linde has been a very successful builder and a contractor of consequence.

While Mr. Linde is proceeding in this matter as quickly as he can, this is something that requires a certain amount of study, particularly with reference to the type of development that must be put on a large area such as this. With the cooperation of Mr. Hall and Mr. Weill, Mr. Sisson expressed the belief that the escrow mentioned can be consummated at a very early date.

Mr. Sisson told the Council that it would be very easy to check on Mr. Linde, who has a Dun & Bradstreet rating, maintains his office in Beverly Hills, and has been associated with numerous developments in Los Angeles and Orange Counties.

In response to a question from Councilman Jahn, Mr. Sisson said Mr. Linde had begun a commercial project in Orange County which was easy to check on, four subdivisions in Orange County, a subdivision in Portuguese Bend, and is now in the process of breaking ground for an office building in Beverly Hills.

Mr. Sisson said the commercial development begun in Orange County was sold out. He assured the Council that Mr. Linde has the necessary experience and has been associated with other people in joint ventures of this nature.

Councilman Blount asked if Mr. Linde had chosen a leasing agent.

He did not know, Mr. Sisson replied, adding that it is quite early for that. He said he had learned only today that Coldwell-Banker had progressed quite a way with this work, and said he would recommend to Mr. Linde that he investigate and see if he could make arrangements to take advantage of the work Coldwell-Banker already has done.

Councilman Benstead asked if this would leave Coldwell-Banker out of the picture.

Mr. Sisson said he had just learned of their work on the development today. He repeated that he would tell his client of it, and see if anything could be worked out.

Councilman Drale said they had worked up developments for leases, and plans for several other businesses, which he considers very important.

Mr. Sisson agreed that the plans prepared by Coldwell-Banker look very good.

Councilman Drale said by 'plans', he means the Council should have an idea of what they mean to do about altering the other plans.

Mr. Sisson said they have a fairly standard plan; he does not know the terms or conditions. He pointed out that he did not know what form the negotiations have taken in the development so far.

Councilman Blount asked Mr. Hall if the lease as it is now requires approval of this Body to transfer the lease.

Mr. Hall said it does not; it has an assignment clause. The City would not want to approve any amendments at this time, however, he said, until the Council is assured of the type of development that will go in. Mr. Hall said he thought the City entered into the lease on the basis of high-calibre development. He agreed the City had been liberal in the terms of the lease, but added that was so the lessors can borrow on the lease, and have a lease that a lender would approve and that would be marketable.

Mr. Sisson said the amendments that are proposed do not vary the terms material, but merely make the lease more desirable to a life insurance company to make a loan on it. There may be a few changes, he said, but in substance that would be all it would amount to.

Councilman Blount suggested that it would be well for the Council to be presented with the proposed changes in the lease. As the owner can assign his interest in the lease without the Council, he said, that is all they have the right to study. He said he did not like it, but it seemed to him we have down-graded what the Council hoped to have. He would like to know more of the details.

Mayor Isen agreed, and said that is why he suggested an escrow. This is a situation where they are trying to mitigate their loss, he explained, and they have a right to assign without the assent of the Council, but the Council is asked for changes in the lease. He pointed out that they show good faith by offering to put this in escrow, where Mr. Linde will deposit \$70,000, and the City will be in a position to negotiate all the way down the line. This would allow the Council to study the changes, the type of loan, etc., so they would be informed. Mayor Isen said he thought Mr. Hall would agree this is a feasible plan, as under the terms of the escrow, the City could have the last word as to whether Mr. Linde gets the lease.

Councilman Drale thought the idea of the escrow was all right, but thought the details should be worked out first.

Mayor Isen said the escrow is between the buyer and seller.

Mr. Hall said the Council should not consider itself bound at present. The escrow action would allow the buyer to go forward with a program of development, find out the title situations, the zoning problems, etc.

Councilman Jahn said he would be concerned with the stature of the man, whether he is qualified, how much time would be spent in starting all over again, etc.

Mayor Isen repeated to Mr. Jahn that the City is not entitled to any part of this unless changes are required.

Councilman Jahn said a three-party escrow might be the answer.

Councilman Blount asked where we enter into it.

Mr. Hall said the buyer would insist on the condition that the City would be in accord with the conditions, which the Assignee puts into the escrow.

Mr. Hall added that the buyer would not buy the lease unless the City approves what the conditions of the escrow are to be.

Councilman Jahn said we would have no way of knowing the conditions.

Mr. Weill pointed out the Assignee would want the lease modified; as Mr. Hall has said, and must have the City's approval to get the Title Policy and a loan. In the course of attaining that modification for the conditions of the escrow, you may require the buyer to furnish all you think necessary before the modification is granted. He added that the Title Company would not approve this without approval of the City on the

modification Mr. Hall went to Washington to get.

Mayor Isen pointed out the City has never executed that modification, but has used it as a control. He said he thinks this is a good way for the Council to exercise control.

Councilman Jam asked if the City National Bank of Beverly Hills would enter into escrow with Mr. Linde, under this plan, with the final instructions to be given to the Council for approval to see if they will be getting a development they want before the modification is approved so the lease can be assigned.

Mr. Hall said the escrow is a very practical means of the City getting the assurances they need. A letter can be put in escrow setting forth the conditions so the escrow can close. He thinks it is up to them to bring this to the Council, and to bring a sound development program. Mr. Hall had not met Mr. Sisson until this afternoon, and felt the discussion here might be a little premature. The advantage is that it lays it all out in the open for the Council to know what is going on.

Mr. Sisson said he thinks the Council composed of reasonable people, such as his client is. Any development of this kind will require cooperation on all sides, and now that he has been acquainted with what the Council has in mind, he thinks he has a basis upon which he can proceed, but a great deal of work must still be done. A lot has been done that his client should be able to take advantage of, he said, however, he does not want to start unless he feels his client will have cooperation from this Body. Like all Title problems, this would require many technical problems to be worked out. He added that lending institutions do not take chances. The modifications proposed make sense, spelling out in more detail what is necessary; it is important to have the details worked out, he added, repeating that lending institutions require it. The City Attorney can tell that he must write the lease to suit the insurance companies, and will verify that sometimes leases have to be revised 6 or 7 times to meet the requirements of lending institutions.

Mayor Isen said at least the Council is finding out what Store Properties is going to do. They have a large investment, and would like to recoup by finding a qualified, reputable person acceptable to the City who will buy their lease. They think they have such a person. We are in a situation where everything is absolutely at a stand-still. The Council will have to decide, realizing the position Store Properties is in, whether or not they want to cooperate. He thinks that is something that should be worked out, and the Council should say yes or no. Mayor Isen said we have to face it, and decide whether to go along and see if they can recoup their losses or not.

Mayor Isen said he thought the Council had expressed some interest, and suggested the buyer and seller go ahead and make any deal they want to, subject to Council approval, and then when it has jelled, the Council can investigate the man and see whether he is the proper person.

Mr. Sisson pointed out that his client will have to spend about 10 or 15 thousand dollars at once if he takes this, and he does not want Mr. Linde to have to do that if the Council is going to take the position that what he proposes to do does not sound reasonable. He said he feels his client is making only reasonable requests.

Councilman Blount asked if Mr. Sisson wanted approval now from the Council of the changes proposed in the lease.

Mr. Weill interceded, saying Mr. Sisson was asked to come here because the City National Bank is considering assignment of the lease to his client and they understand the Council is interested in who they are dealing with.

Mr. Sisson said he only wanted to know whether the Council considered his proposals as reasonable.

Councilman Drale said when the amendments have been discussed and considered, if they are found to be reasonable, the Council will probably do business with them; however, he does not think he should say now they will go along with any suggestions Mr. Sisson has until they know what those are. If they want to enter into an escrow, he thought that would be fine, but the suggestions should not come from this Body.

Mayor Isen said the suggestions did not imply approval. He said one of the first steps should be to bring Mr. Linde to meet the Council so they can determine whether they can go along.

Mr. Sisson asked whether the desired amendments should be taken up with the Council.

Mr. Hall said he feels this is premature. He said he thought this should be brought back when it is more developed.

Councilman Jahn said he thinks the Council will cooperate with any developer who will get to work.

Mayor Isen told Mr. Sisson to keep in touch with the Council.

The meeting dissolved at 7:50 P. M.



City Clerk of the City of Torrance

APPROVED:



Mayor of the City of Torrance