



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** April 21, 2009

**TO:** Mayor and Councilmembers

**FROM:** Business & Property Division, Airport Department

**SUBJECT:** Introduction Of Ordinance For Attornment Agreement With H. Oliver Dixon, Inc. And Business First Bank

**RECOMMENDATION:** That Council:

- A. Approve and authorize the Airport Director to execute an attornment agreement between the City of Santa Barbara, as Lessor, H. Oliver Dixon, Inc., as Lessee, and Business First Bank, a Division of Heritage Oaks Bank, as Lender, pertaining to Lease Agreement No. 21,810, dated November 1, 2005; and
- B. Introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving an Attornment Agreement Between the City of Santa Barbara, as Lessor, H. Oliver Dixon, Inc., as Lessee, and Business First Bank, a Division of Heritage Oaks Bank, as Lender, Pertaining to Lease Agreement No. 21,810 Dated November 1, 2005.

### **DISCUSSION:**

The subject Premises is located south of Hollister Avenue in an Airport Facilities (AF) zone.

H. Oliver Dixon, Inc. has been an Airport tenant since 1960, when his father, E.D. Dixon constructed a motel at the corner of Hollister and Fairview Avenues and entered into a lease agreement with the City for parking adjacent to the motel site. On November 1, 2005, Mr. Dixon and the Airport entered into a fifteen year lease with two five year options (Lease Agreement No. 21,810) for the parking area.

At this time, Mr. Dixon wishes to negotiate a loan with Business First Bank using the motel as security. The motel is located in Goleta, and is not on Airport property. Since the parking area owned by the City is required for operation of the motel, Business First Bank requested assurances from the City that it would be willing to allow the bank to cure a default that might result in termination of the parking lot lease and, in the event of a loan foreclosure, allow the bank to assume the lease, subject to City approval. Any assignee of the Lease proposed by the bank would be required to demonstrate experience and ability to meet the obligations set forth in the lease, including the

financial capability to keep the agreement in full force and effect. The Airport has also provided the bank with an estoppel letter stating the terms of Mr. Dixon's agreement and verifying that the tenant is in good standing. Approval of this Attornment Agreement will have no monetary effect.

**PREPARED BY:** Rebecca Fribley, Sr. Property Management Specialist

**SUBMITTED BY:** Karen Ramsdell, Airport Director

**APPROVED BY:** City Administrator's Office