PROPOSED TRANSFER OF C-06 TORRANCE TO MDRC

December 20, 1995

MCDONNELL DOUGLAS

Kim Your file

BOE-C6-0131581

TORRANCE DEVELOPMENT

BACKGROUND

- MDC has been seeking "Permanent Solution" since fabrication at Torrance was shutdown (171 Acres).
- Required solution should eliminate/mitigate the financial risk of disposition ($17M NBV) and environmental remediation ($25M).
- Narrow window of opportunity to capture retail users to this site.
- MDRC has a proposal to develop the Torrance site and to divest the land as the market allows.
- Concept reviewed with Hood, Palmer and Lanese.

BOE-C6-0131582

TORRANCE DEVELOPMENT

OUTLINE OF MDRC PROPOSAL

- Conceptual master plan includes combination of retail, light industrial and office park to be developed over time.
- Initial development of 40 acres would be for retail shopping center, anchored by major retailer.
- Favorable response and cooperation anticipated from City of Torrance, City of L.A. and surrounding ownership.
- Anticipated proceeds should cover current basis, make ready costs, and remediation.

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PENDING TRANSACTION

- Sale of 36 acres to Vestar Development Company. 413,000 SF, total buildable square footage.
- Sale range $15.8 to $18.8M.
- Deliver cleaned, remediated, entitled site to Vestar by 1/1/98.
- Non-delivery of 36 acres by 1/1/98 penalty of $400,000.
- Vestar would likely purchase the contiguous Lockheed-Martin site (67 acres), if we do not commit now.

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PROPERTY TRANSFER

- Transfer 171 acres at book value, estimated at $17.2M.
- DAC will execute lease with MDRC for the property. DAC rent to MDRC will be at the current monthly depreciation.
- DAC to pay all operating expenses and real property taxes(triple net lease). MDRC to pay pro-rata of real property taxes for 36 acres.
- MDRC to pay transfer tax fee (City and County).
- Relocation of existing storage/operations out of buildings 37, 61, 67, 34 & 57, approximately 540,000 SF.
- MDRC to commission and coordinate relocation efficiency study on behalf of DAC.
- MDRC to pay for reasonable relocation costs; DAC to mitigate inventory moved and will pay for any upgrade of new facilities.
- MDRC will be responsible for up to $25M for environmental remediation of land and buildings.

BOE-C6-0131585

TORRANCE
C-06
PROPERTY SUMMARY

- 171 acres - 2.3M square feet
- USERS

USERS	SF	
MDA-TA (C-17)	147,573	
MDW Fed. Credit Union	1,590	
DADSCO	592,620	
McAir	15,224	
DAC Operations	1,561,289	
	2,318,296	(Covered Area)

- Book Value as of July 31, 1995:

Account	Category	NBV (000)
1801	Land	$ 6,216
1810	Buildings	6,258
1811	Building Installations	4,703
1812	Building Machinery	26
	Total	$ 17,204

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