

MUNICIPAL FACILITIES COMMITTEE
Minutes from the Special Meeting of June 6, 2023

MEMBERS: Matthew W. Szabo, Office of the City Administrative Officer, Chair (CAO)
Sharon Tso, Office of the Chief Legislative Analyst (CLA)
Jeanne Holm, Office of the Mayor (Mayor)

The meeting was called to order at 1:07 p.m.

General Public Comment

No public comment.

Item 1 Minutes of the April 13, 2023 Special Meeting.

Disposition: Approved on consent.

Item 2 Report from General Services Department (GSD) requesting authority to negotiate and execute a lease agreement with Rancho Gomez Investments, LLC, for a Council District 1 field office, located at 1137 West 6th Street, subject to Council and Mayor approval.

Disposition: Approved on consent.

Item 3 Report from GSD requesting authority to negotiate and execute a lease agreement with Atlas V Chatsworth, LLC, for a Council District 12 field office, located at 9207 Oakdale Drive, Suite 200, subject to Council and Mayor approval.

Disposition: Approved on consent.

Item 4 Report from GSD requesting authority to negotiate and execute a lease agreement with Amherst Tower, LLC, for a Council District 5 field office, located at 5416 Wilshire Boulevard, subject to Council and Mayor approval.

Disposition: Approved on consent.

Item 5 Report from GSD requesting authority to negotiate and execute a lease agreement with Young Women's Christian Association (YWCA) and a sublease with People Assisting the Homeless (PATH) for the YWCA-owned site located at 1215 Lodi Place (CD 13), for the continued operation of A Bridge Home site, subject to Council and Mayor approval.

Disposition: Approved on consent.

Item 6 Report from GSD requesting authority to negotiate and execute a lease extension with California Department of Transportation (Caltrans) and a sublease amendment with Harbor Interfaith Services, Inc., for the Caltrans-owned site located at 407/515 North Beacon Street (CD 15) for the continued operation of A Bridge Home site, subject to Council and Mayor approval.

Disposition: Approved on consent.

Item 7 Report from GSD relative to a notification of space assignment for CAO staff in the former Emergency Operations Center, on the P-4 level of City Hall East.

Disposition: Approved on consent.

Item 8 Report from GSD relative to a notification of space assignment for temporary storage space for Information Technology Agency at the Los Angeles Mall Space No. 18.

Disposition: Approved on consent.

Item 9 Report from the Bureau of Engineering requesting authority to approve a bid and award to GSD in the amount of \$6.18 for the San Pedro-Little Italy Plaza Renovation project (CD 15).

Disposition: Approved on consent.

Item 11 Report from GSD requesting authority to negotiate and execute lease with Gregg Williams, Receiver for Maguire Properties-555 West Fifth, LLC, a Delaware limited liability company for office space at the Gas Company Tower located at 555 West 5th Street (CD 14), subject to Council and Mayor approval.

Disposition: Approved.

Matthew Szabo, CAO, requested that Item No. 11 be taken out of order to precede Item No. 10.

Amy Benson, GSD, provided a brief overview of the proposed lease agreement terms including considerations such as privity of contract, landlord performance guarantee, lease term, termination and expansion options, tenant improvements, parking, accessibility, and transit options.

Sharon Tso, CLA, asked whether the City has experience with this landlord. Onno Zwaneveld, CBRE, responded no, but they are a well-respected landlord and have been appointed by MBS bondholders with a fiduciary duty to act in the best interest of bondholders. Mr. Zwaneveld further added that a transfer of ownership is likely during the lease term, however the City is being offered first right of refusal to purchase the property.

Ms. Tso asked if the relevant departments have provided their input on the proposed lease options. Ms. Benson replied that the departments have provided their input and further indicated that the Gas Company Tower (GCT) is their first choice and are aware of the circumstances related to parking available.

Ms. Tso asked about the number of parking spaces included in the lease, and whether the agreement will provide expansion options for parking intending to expand or whether the existing 3:1 ratio would apply. Ms. Benson responded that they would fall under the same terms.

Ms. Tso also asked about the continuous lease determination on August 1, 2035 and whether the notification window opens on August 1, 2035 or whether we would be able to implement lease changes on August 1, 2035. Mr. Zwaneveld confirmed that the continuous lease determination, effective 11 years and 5 months into the term, would provide the City with a rolling right to cancel the entire lease, a single floor, or multiple floors. Mr. Zwaneveld further added that the cost of the transaction is fully amortized 11 years and 5 months into the term allowing for termination at no cost at that time. Mr. Zwaneveld further clarified that the City would be able to provide prior notice to allow for lease adjustments beginning on August 1, 2035.

Ms. Tso asked about the 200 visitor parking limit per week at the World Trade Center parking garage allowable by the lease, how the determination was made, and how the limit would function. Mr. Zwaneveld responded that the lease would provide validation rights at prices consistent with the Garland lease and that it would provide a discounted rate at 20-minute increments, with a maximum parking rate of \$25. Mr. Zwaneveld further explained that details are to be decided, however once the 200 validations have been utilized, visitors would be required to pay the prevailing parking rate. Ms. Tso noted that we will need more flexibility on parking, specifically in relation to the time per visitor, due to planned expansions, including the United to House LA (ULA) implementation. Mr. Zwaneveld replied that this can be discussed with the landlord.

Ms. Tso asked whether the property is currently in receivership, how a change in ownership may affect the city's lease, and what protections the City has in the case of change in ownership. Mr. Zwaneveld responded that the property is in receivership with the owners retaining ownership, however the receiver has control, and the prior owners are not involved. Mr. Zwaneveld further commented that the lease rates are fixed, therefore there are no potential issues regarding the lease rates and operating standards, janitorial, and security may result in operational costs changes but the City is protected from landlord default and the lease is secured in the case of change in ownership.

Ms. Tso noted that the floor plates are smaller and therefore there are more floors needed and asked whether departments can be spread throughout the 13 floors. Ms. Benson responded that GSD is working with the space planner to ensure that the departments are in the same elevator range for the least amount of disruption. Ms. Tso commented that this would result in more rental square footage versus usable square footage. Mr. Zwaneveld responded that the floor plates at the Garland building are much larger than average, and despite a difference of about 20,000 rentable square feet.

Ms. Tso asked about access to the public counter for LAHD and whether there is easy access and easy parking. Ms. Benson responded that there are several transit options and parking at the GCT is available to the public.

Item 10

ADJOURN TO CLOSED SESSION:

Meeting adjourned to closed session at 1:28 p.m.

a. **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**, pursuant to Government Code Section 54956.8.

Property Location: Real Properties located at:

1. 1200 West 7th Street, Los Angeles, CA (APN: 5143-006-019)
Property Owner: HRRP Garland, LLC
2. 145 South Spring Street, Los Angeles, CA (APN: 5149-001-003)
202 West 1st Street, Los Angeles, CA (APN: 5149-001-006)
140 South Broadway, Los Angeles, CA (APN: 5149-001-004)
213 South Spring Street, Los Angeles, CA (APN: 5149-008-029)
Property Owner: Onni Times Square LP and CA LATS South, LLC
3. 350 South Grand Ave, Los Angeles, CA (APN: 5149-010-265)
Property Owner: 350 South Grand Avenue (LA) Owner, LLC

4. California Market Center, 110 East 9th Street, Los Angeles, CA (APN: 5139-001-024)
Property Owner: Brookfield Office Properties, and CALMART SUB I, LLC

5. 555 West 5th Street, Los Angeles, CA (APN: 5149029013)
Property Owner: Gregg Williams, Receiver for Maguire Properties-555 West Fifth, LLC, a Delaware limited liability company for office space at 555 West 5th Street, Los Angeles, CA 900013, known as the Gas Company Tower (GCT)

Agency negotiator/presenters:

Amy Benson, Director, Real Estate Division, General Services Department;

Wayne Lee, Senior Real Estate Officer, General Services Department;

Melody McCormick, Assistant General Manager, General Services Department;

Onno Zwaneveld, Executive Vice President, CBRE, Inc.

Negotiating Parties: City of Los Angeles, Department of General Services, and Local Initiative Health Authority for Los Angeles County, dba L.A. Care Health Plan (potential sublandlord) and options to lease from other private property owners

Under Negotiation: Price and terms of payment of sublease and lease agreement with Gregg Williams

- b. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**, pursuant to Government Code Section §54956.9 (d)(4). The City is considering whether to initiate litigation in one case.

RECONVENE REGULAR MEETING IN PUBLIC SESSION

Meeting reconvened to Public Session at 2:06 p.m.

CLOSED SESSION ANNOUNCEMENTS

No closed session announcements.

Item 12 Adjournment – Next Regular Meeting, Thursday, June 29, 2023.

The meeting adjourned at 2:08 p.m.