

CITY OF LOS ANGELES

CALIFORNIA

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September 12, 2023

Mathew W. Szabo, Chair
Municipal Facilities Committee
200 N Main Street, Suite 1500
Los Angeles CA 90012

REQUEST FOR DIRECTION AND POTENTIAL RESERVE FUND LOAN FOR THE PROPOSED LEASE AGREEMENT AT 555 W. 5TH STREET, LOS ANGELES, CA 90013

The Department of General Services (GSD) requests direction regarding continuing negotiations with Gregg Williams, Receiver for Maguire Properties—555 W. Fifth, LLC, for the proposed lease at the Gas Company Tower (GCT) for approximately 308,971 square feet (sf) of office space which would include approval of potential restructured lease terms and a Reserve Fund loan.

ALTERNATIVE OPTIONS

If the negotiation regarding the potential restructured lease terms is not resolved in a timely basis, or the terms are not in the best interest of the City, the City would need to pursue other lease options in the market for the space required for the five affected City departments, which includes Community Investment for Families Department (CIFD), Economic Workforce Development Department (EWDD), Los Angeles Housing Department (LAHD), Youth Development Department (YDD), and the Office of Finance (OOF). The City's contracted broker for this project, CBRE, is prepared to explore those opportunities.

GSD expects to present the MFC with a recommendation and request to move forward with the best option for the City at the next regular MFC meeting on September 28, 2023.

RECOMMENDATION

That the Municipal Facilities Committee provide direction on whether to continue negotiations with the Gas Company Tower ownership, which would include a Reserve Fund Loan or pursue other market options.

Tony M. Royster
General Manager