

CITY OF LOS ANGELES

CALIFORNIA

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KAREN BASS
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January 29, 2026

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, California 90012

Attention: Adam Lid, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A
GROUND LEASE AGREEMENT WITH LA. ARENA LAND COMPANY, LLC FOR A
GROUND LEASE FOR A PORTION OF CHICK HEARN COURT BETWEEN
FIGUEROA AND GEORGIA STREET, LOS ANGELES, CA 90026**

The Department of General Services (GSD) requests authority to negotiate and execute a ground lease for a portion of Chick Hearn Court located between Figueroa and Georgia Street Los Angeles, CA 90026 to L.A. Arena Land Company, LLC. AEG is their parent company. L.A. Arena Land Company, LLC. will be the lessee for this agreement.

BACKGROUND

Chick Hearn Court is currently a public street on West 11th Street between Figueroa Street and Georgia Street (Site). The Site is bounded by L.A. Live to the north and Crypto.com Arena to the south. AEG owns the L.A. Live site and has exclusive possession and control of the arena pursuant to a 55-year ground lease with the City which expires March 26, 2053.

In June 2024, the City Council directed GSD to lease the Site to AEG to enhance the visitor experience at both locations (CF: 21-0859-S2). The lease would also allow the City to impose on AEG stringent standards for the provision of maintenance, repair, custodial, utility, and security services.

The goal of the project is to make it a smoother transition for visitors between the L.A Live complex and the Crypto arena. Additionally, AEG is providing uniform security services and maintenance for both sites, and the project is in-line with the City's goal to provide a seamless pedestrian plaza to make it a more cohesive and uninterrupted public experience and pathway to the garage and surrounding area.



The site was previously known as Chick Hearn Way which divided the arena and LA Live complex. However, since the opening and continued operation of the LA Live complex since the early 2000's, it would be a better use as a pedestrian paseo to combine and unify the complex with that end of the arena. However, the street was never formally vacated and the Bureau and Engineering and LA DWP is in process of completing the entitlements to accommodate this long-term lease. All work and improvements to connect the LA Live and the arena would fall under AEG under the lease.

TERMS AND CONDITIONS

The initial lease term will commence upon City Clerk's attestation to expiring concurrently with the current Crypto.com arena lease on March 26, 2053. The annual rent shall be \$185,000 with a 2.5% annual increase. Lastly, there are currently easements that need to be finalized, and the lease will be contingent upon those easements being granted to those existing utilities.

A complete set of terms and conditions are outlined on the attached term sheet.

MARKET ANALYSIS

Based on the unique nature of this site as a pedestrian paseo, there were no comparative comps in the market. However, GSD obtained an appraisal for the sale and lease of the site as a paseo and it supports the proposed rent.

Additionally, AEG would uniquely benefit from the leased property as the owner and/or possessor of both abutting properties, GSD determined that the agreed upon rent is reasonable.

MAINTENANCE/UTILITIES/LANDSCAPING

AEG shall be responsible to maintain both daily and preventative maintenance, utilities and landscaping.

FISCAL IMPACT

The proposed lease will result in annual revenue of \$185,000 to the General Fund. The total revenue from the potential 27 years and 3 months of this agreement is approximately \$7,103,805.89.

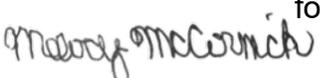
Proposed Lease Revenue from Chick Hearn Court		
	Annual Rent Revenue	Total Estimated Annual Rent Revenue (27 Fiscal Years)
Rent	\$185,000.00	\$7,103,805.89

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor:

1. FIND, pursuant to the Los Angeles City Charter Section 371(e)(10) and Administrative Code Section 10.15(a)(10), that the use of competitive bidding would be undesirable, impractical and impossible for this contract. As AEG jointly operates L.A. Live and the arena and provides uniform security and maintains access to and from these two facilities across this vacated street. Having a third party involved would further complicate matters operationally and contractually. Furthermore, during special events, where the site has been subject to closure, a third party involved could create additional unwarranted conflicts with the current agreements in place. Additionally, it would be undesirable and impractical to another lessee who may not have the decades-long experience and expertise to operate and maintain the overall site as AEG does. Therefore, competitive bidding the ground lease would be undesirable, impractical and essentially impossible, but also would not affect the final result or produce any advantage for the City.

2. AUTHORIZE the Department of General Services to negotiate and execute a ground lease agreement based on the revised terms and conditions with the L.A. Land Company, LLC (AEG) for the use of the City-owned property located on West 11th Street between Figueroa Street and Georgia Street under the terms and conditions as substantially outlined in this report.

for

Tony M Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE January 29, 2026

LANDLORD City of Los Angeles - GSD

ADDRESS 111 1st Street, Los Angeles, CA 90012

TENANT L.A. Land Arena Company, LLC

ADDRESS 800 West Olympic Blvd., LA, CA 90015

LOCATION ADDRESS West 11th Street between Figueroa Street and Georgia Street

USE Pedestrian Plaza

SQUARE FEET 70,766 SF

EARLY POSSESSION None

TERM Upon City Clerk's attestation to March 26, 2053

LEASE COMMENCEMENT DATE Upon City Clerk's attestation

LEASE EXPIRATION DATE March 26, 2053

RENT START DATE 30 days from Execution Date

RENT \$185,000 annually

AGREEMENT TYPE Lease

RENT INCREASES 2.5% annually

HOLDOVER N/A

SUBLET/ ASSIGNMENT Tenant may assign/sublease with City approval

RENEWAL OPTION

NOTICE PERIOD N/A

TERM	None
DATES	N/A
OPTION RENT / ESCALATION	N/A – no renewal option
OPTION RENT - RENT SCHEDULE	N/A
RENT ABATEMENT	None
OPEX - CAM	Tenant responsible for all utilities, custodial, landscaping, security, routine maintenance, and minor repairs
LATE FEE	None
PROPERTY TAX	None, but Tenant may be subject to possessory interest tax.
PROPERTY INS.	City is self-insured. Tenant required to maintain general liability insurance (\$5,000,000 per occurrence)
ADDITIONAL RENT	N/A
PARKING - NUMBER OF PASSES	None
MONTHLY PARKING COST	None
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR: LANDLORD	None
MAINTENANCE/ REPAIR: TENANT	All custodial services, routine maintenance, and minor repairs, including electrical beyond the main switchgear, HVAC, plumbing fixtures, landscaping, and security
TENANT IMPROVEMENTS: ALLOWANCE/SCOPE	None – Premises accepted “as is”.
UTILITIES	Tenant responsible for all utilities
CUSTODIAL / LANDSCAPING	Tenant responsible for custodial services and landscaping

SECURITY

Tenant provides 24/7 on-site security

PROP 13

N/A

INSURANCE
(CITY)

City is self insured

INSURANCE
(OTHER PARTY)

- \$5,000,000 per occurrence
- Coverage must include premises, contractual, personal injury, products, fire-legal liability, etc
- The City and its boards/commissions must be named as additional insureds
- Proof of insurance must be provided before possession and upon City's request

OTHER:

Termination Right - Limited to if Tenant defaults

PRINT:

SIGNATURE: