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June 04, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**ACKNOWLEDGE MODIFIED MAJOR EVENTS LIMITATION PROVISION RELATED
TO AGREEMENTS ENTERED INTO BY THE LOS ANGELES MEMORIAL COLISEUM
COMMISSION IMPACTING THE LOS ANGELES COUNTY NATURAL HISTORY MUSEUM
(SECOND DISTRICT)
(3 VOTES)**

SUBJECT

The recommended action will acknowledge that the modified Major Events limitation provision negotiated under the proposed amended and restated lease agreement between Los Angeles Memorial Coliseum Commission and the University of Southern California affecting the Los Angeles County Natural History Museum and other facilities in Exposition Park will have an impact to limit Major Events in Exposition Park.

IT IS RECOMMENDED THAT THE BOARD:

Acknowledge the modified Major Events limitation provision as negotiated under the proposed amended and restated lease agreement between the Los Angeles Memorial Coliseum Commission and the University of Southern California affecting the Los Angeles County Natural History Museum and other facilities in Exposition Park.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended action will acknowledge the formal written request received from the University of Southern California (USC) to the County of Los Angeles (County) that a condition of the proposed amended and restated lease between USC and the Los Angeles Memorial Coliseum Commission (Coliseum Commission) limit the number of Major Events.

The County is requested to take action to confirm that the event language in the amended and restated USC Lease meets with the State's obligation to limit the number of Major Events in Exposition Park (Park) as set forth in the County's ground lease with the State for the Natural History Museum (Museum) site, also located in the Park. The number of Major Events at the Los Angeles Memorial Coliseum (Coliseum) and Los Angeles Memorial Sports Arena (Sports Arena) are proposed to be limited to a total of 25 events plus an additional 8 Coliseum events in Exposition Park (Park) (an aggregate of 33 Major Events).

Background

On September 26, 2006, the County entered into a 75-year ground lease with the State for a portion of the Park site on which the Museum facilities are located (Museum Ground Lease).

The Museum, being one of the Exposition Park (Expo Park) tenants that depend on patron access and parking to sustain their operations and the State agreed to set guidelines for, and limits on the Major Events in the Park in the Museum Ground Lease. The Museum agreed to limit its Major Events to 25 per calendar year. The Museum Ground Lease defines Major Events as an event in the Park that has a material effect on another tenant of the Park and impacts that tenant's ability to conduct normal operations or have access to parking for its patrons.

The Major Events definition also includes, (a) planned events at the Museum attended by more than 3,000 attendees; (b) events in the Coliseum and/or the Sports Arena attended by more than 25,000 people; (c) events during the Museum's normal business hours that have a material impact on the ability of Museum patrons to park in the Bill Robertson Lane parking lots (formerly known as Menlo lots); and (d) concerts utilizing the Bill Robertson Lane parking lots.

Under the Museum Ground Lease, the 25 Major Events limitation is subject to various exceptions, including the Summer Olympics, the Super Bowl, and the possibility that the State or Park Manager could waive the limit at the Coliseum for certain non-repetitive, unanticipated events, only with the determination that there will be no material impacts on the Museum.

The Major Events limitation provision empowered the Park Manager, a State employee, to determine which events were Major Events and to allow or not allow certain events to be scheduled consistent with the Museum Ground Lease event provisions.

The State is obligated to secure the agreement of all other tenants of the Park to event provisions in the Museum Ground Lease, including the provision to limit each tenant's events to 25 Major Events per calendar year, as defined in the Museum Ground Lease as soon as reasonably practicable (Major Event limitation provisions).

Proposed Amendment to the Commission Ground Lease

In 2008, the State entered into an amendment to its ground lease with the Coliseum Commission for the Coliseum and Sports Arena sites in the Park (Commission Ground Lease), without including the Major Event limitation provisions. Thus, the Coliseum and Sports Arena are not currently bound by the Major Event limitation provisions or any event limitation provisions.

Subsequently, the Coliseum Commission entered into the initial lease agreement with USC under which USC would continue to play its home football games at the Coliseum and the Coliseum Commission would fund major capital improvements (USC Lease). On May 14, 2012, the Coliseum Commission approved an amended USC Lease.

The Coliseum Commission has negotiated a proposed amended and restated USC Lease that addresses USC's funding of significant capital improvements to the Coliseum, instead of the Coliseum Commission, as well as USC's year-round operation of the Coliseum and future redevelopment of the Sports Arena. The amended and restated USC Lease also provides for an event limit, correcting the oversight that occurred in 2008, but that limit is somewhat different from the limit required to be imposed in the County's Ground Lease with the State. The proposed amended and restated USC Lease will be in effect until 2054.

The proposed event limitation provision in the amended USC Lease modifies the definition of Major Events as defined in the Major Event limitation provisions in the Museum Ground Lease to exclude the Olympics, the Special Olympics, and the Super Bowl from the definition of Major Events. In addition, if a National Football League (NFL) team hosts football games at the Coliseum on a temporary basis while a permanent facility is being constructed for such team, the NFL games would be counted as part of the 25 Major Events limitation for a period that will not exceed four years. Under the proposed USC Lease, the Major Events would increase to a potential total of 33 Major Events, during the temporary period that the NFL plays in the Coliseum.

Proposed State Modifications

The proposed amended and restated USC Lease requires the approval of the State. On May 20, 2013, the State and USC issued a term sheet for a Non-disturbance Agreement (NDA) between USC and the State, which will allow USC to remain in tenancy at the Coliseum and Sports Arena properties should the Commission Ground Lease be terminated for any reason and conditioning its approval of the amended and restated USC Lease on further changes to the event cap among other required changes.

The State's California Science Center Board of Directors held two public hearings on the proposed term sheet last week and its meeting agenda for its meeting of Wednesday June 5, 2013 includes possible final action on the term sheet. Two State modifications proposed by the term sheet are highlighted here. One of the modifications would be that the proposed events calendar would be coordinated with the Expo Park Manager as follows:

1. USC will have priority for calendaring home football games each year as well as any NFL games, if applicable.
2. Other Expo Park tenants will have the rights to calendar up to 24 Special Events as along as these events do not interfere with USC home football games, NFL games, Olympics, and Special Olympics. USC may schedule up to 25 events (including USC home games). The calendars of events are due by January 31st of each year and for a period of following 24 months.
3. USC may schedule up to 25 events (including USC home games) provided that such events do not conflict with previously scheduled Major Events.
4. The Olympics, Special Olympics, and NFL home football games shall not count towards the USC 25 Major Events cap but cannot exceed 30 Major Events.
5. Beyond the above priority, all Major Events and Special Events shall be scheduled on a first come/first serve bases.
6. Conflicting requests for scheduling events, if any, shall be resolved by the Park Manager.

An additional term of the NDA provides that all parking revenue received by USC in excess of operating costs associated with the parking shall be used solely by USC for improvements to the Coliseum and the Sports Arena.

Under the current publicly posted State conditions to its approval of the proposed NDA term sheet, the Major Events could increase to a potential total of 38 or more Major Events, including the previously noted additional Coliseum Major Events outlined in the amended and restated USC Lease.

Impact to Museum

Neither the proposed amended and restated USC Lease nor the State's proposed conditions of approval modify the Museum's parking rights as set in the County – State Ground Lease. The Museum's rights for parking are 375 reserved parking spaces for the Museum patrons, staff, and volunteers in the parking lot located on Bill Robertson Lane on these Major Events days, with reserved parking on non-Major Events days increasing to 750 for the Museum patrons, staff, and volunteers. The conditions of State approval of the amended and restated USC Lease provides that USC and the Expo Park Manager are required to coordinate parking operations to ensure that entrances to the museums are accessible to Museum patrons on game days and other Major Events days.

The Museum believes that the impact of the additional eight potential Major Events for temporary periods as proposed under the amended and restated USC Lease would be manageable, but challenging. The Museum is now assessing the extent of the even more extensive programmatic and attendance impact of a permanent increase of eight or more additional Major Events plus potential increases of five more Major Events for temporary periods as proposed in the proposed State modifications to the amended and restated USC Lease.

The purpose of the recommended action is to comply with USC's request and acknowledge the modified event limitation provision proposed in the October 2012 amended and restated USC Lease.

FISCAL IMPACT/FINANCING

The Museum's review of the impact of the additional eight potential Major Events, from the limitation of 25 to 33 Major Events, for temporary periods as proposed under the amended and restated Commission Ground Lease would be manageable, but challenging.

The Museum is now assessing the extent of the even more extensive programmatic and attendance impact of a permanent increase of eight or more additional Major Events plus potential increases of five more major events for temporary periods as proposed in the proposed State modifications to the NDA.

Approval of this action would not impact net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The State owns and operates the Park by and through the Sixth District Agricultural Association, also known as the California Science Center, and has entered into ground leases with the County for the Museum site and the Coliseum Commission for the Coliseum and Sports Arena sites as authorized

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6/4/2013

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by the California Food and Agricultural Code.

The Coliseum Commission is a joint powers authority pursuant to Government Code Section 6500, et seq. Its member agencies are the County, the City of Los Angeles, and the State.

USC is a non-profit public benefit corporation, which has been the only continuing tenant of the Coliseum since the opening of the Coliseum in 1923.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The provision in the amended and restated USC Lease allowing for expansion of an events limitation to the Coliseum and Sports Arena sites will establish a Major Events limitation, but with exceptions to the limits that were not in the County – State Ground Lease.

CONCLUSION

Please return one adopted copy of this Board letter to the Chief Executive Office, Facilities and Asset Management Division.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'WTF', followed by a large, stylized flourish that resembles a heart or a large 'M' shape, and then a horizontal line extending to the right.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:DJT
DKM:AC:mda

c: Executive Office, Board of Supervisors
County Counsel
Natural History Museum