



Caring for Your Coast

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Gary Jones
Acting Director

Kerry Silverstrom
Chief Deputy

John Kelly
Deputy Director

June 4, 2014

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

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

41 June 4, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**CONSENT TO ASSIGNMENT OF LEASE – HILTON GARDEN INN
(Parcel 145R at 4200 Admiralty Way)
MARINA DEL REY
(4th DISTRICT - 4 VOTES)**

SUBJECT

This Board letter requests that the Board consent to a proposed assignment of the Lease Agreement for Parcel 145 in Marina del Rey from the current lessee to a single purpose entity wholly owned by current lessee in connection with a refinancing loan sought by the lessee.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Consent to the proposed assignment of the Lease to IWF Marina Int., LLC.
2. Authorize the Director of Beaches and Harbors to execute any consents, estoppels, and related documentation necessary to effectuate the Lease assignment and financing.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On May 9, 2006, your Board approved the assignment of the Marina del Rey International Hotel and Bungalows (Parcel 145R) leasehold to the current lessee, IWF Marina View Hotel, L.P. (Lessee). The Lessee is a single-purpose entity, whose parent company, Pacifica Hotel Investors, LLC, has significant experience in acquiring, developing, refurbishing and managing hotels including other assets in Marina del Rey, the Marina del Rey Hotel and the Jamaica Bay Inn.

The current Lessee holds a ground lease with the County of Los Angeles (County) for the Marina del Rey parcel commonly known as Parcel 145, on which it operates the Hilton Garden Inn. On February 8, 2011, your Board approved an Option to Amend Lease Agreement to extend the Lease for an additional 39

years to December 31, 2067 and to allow the Lessee to completely renovate the 134-room property. Lessee subsequently exercised its option, and the parties entered into the current Amended and Restated Lease Agreement on September 20, 2012.

All renovations to the improvements have been completed and the Hilton Garden Inn is open and operating. The current Lessee is in the process of obtaining a refinancing loan secured by the leasehold estate in Parcel 145. Due to the requirements of its lender, German American Capital Corporation, Lessee is required to assign the leasehold to IWF Marina Int., LLC, a limited liability company wholly owned by the current Lessee. The Hilton Garden Inn is the only asset of the current Lessee. The sole asset of the general partner in the current Lessee, IWF Marina View Hotel, LLC, is its general partnership interest in Lessee. There will be no change in control of the holder of the leasehold interest and no change in the management of the leasehold and the hotel. Because the proposed transfer is an excluded affiliate transfer under the Lease terms, there is no participation or other fee owed the County in connection with this transaction.

Pursuant to the terms of the Lease, the Lessee must obtain the County's consent to the proposed assignment of Lease, but such consent is not permitted to be unreasonably withheld. Under the above circumstances in which there will be no change to the management or beneficial ownership of the Lessee, and no change to the financial condition or creditworthiness of the Lessee entity, the County has no reasonable basis on which to withhold its consent to the assignment. The Department of Beaches and Harbors is not authorized to provide consent on behalf of the County to an assignment of the leasehold, even under these circumstances. Accordingly, your Board's consent is requested.

Implementation of Strategic Plan Goals

The recommended action will ensure County is in compliance with its obligations under the Lease and will allow Lessee to obtain a refinancing loan, both of which promote Strategic Plan Goals No. 1 (Operational Effectiveness) and No. 3 (Fiscal Sustainability).

FISCAL IMPACT/FINANCING

The proposed consent to assignment of the Lease will have no direct fiscal impact on the County, as the proposed transfer does not trigger any contractual obligation for the Lessee to pay a participation or other fee to County.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The existing lease expires on December 31, 2067. The current improvements on

Parcel 145R include a 134-room hotel and bungalows. Parcel 145R has frontage on Admiralty Way and is located at the intersection of Admiralty Way and Palawan Way.

Department staff and County Counsel have reviewed the Lease and proposed assignment and have determined that the County has no reasonable basis on which to withhold its consent in these circumstances, and no participation fee is due to the County, since the proposed assignment is an excluded transfer under the Lease.

Entering into leases of the County's Marina del Rey real property is authorized by Government Code sections 25907 and 25536, and the proposed assignment is permitted by the Lease.

ENVIRONMENTAL DOCUMENTATION

The proposed County consent is not a project pursuant to the California Environmental Quality Act (CEQA) because each consent is an activity that is excluded from the definition of a project by Section 15378(b) of the CEQA Guidelines. The proposed consent is an administrative activity of government which will not result in direct or indirect physical changes to the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services or projects.

CONCLUSION

It is requested that the Executive Officer of the Board of Supervisors send an adopt-stamped Board letter to the Department of Beaches and Harbors. Should you have any questions please contact Don Geisinger at (310) 305-9506 or dgeisinger@bh.lacounty.gov.

Respectfully submitted,



GARY JONES
Director

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors