


ANALYSIS

This ordinance authorizes a public leaseback pursuant to California Government Code section 54241 of certain real property in the City of Los Angeles, within the County of Los Angeles ("County"), the addresses of which are 550 South Vermont Avenue and 3175 West 6th Street, and improvements, furniture, fixtures and equipment on such property consisting of: (i) approximately 154,793 gross square feet of existing space renovated to Class A office space, including 2 ground floor retail spaces of approximately 1,000 square feet each; (ii) an extension of the existing building floor plates to include an additional approximately 88,340 gross square feet of new Class A office space, for a total of approximately 243,133 gross square feet of Class A office space; (iii) approximately 12,050 gross square feet of renovated subterranean back-of-house support space; (iv) an elevated pedestrian walkway connecting the existing office building to the terrace level of the neighboring office building commonly known as 510 South Vermont Avenue; and (v) approximately 10 surface parking spots and landscaping, all to serve as office space and related ancillary facilities for various County departments, commissions and staff.

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DYC:lp

Requested: 4/29/24
Revised: 5/08/24

ORDINANCE NO. _____

An ordinance authorizing a public leaseback to the Los Angeles County Facilities 2 Inc., a California nonprofit public benefit corporation, pursuant to the requirements of California Government Code section 54241.

The Board of Supervisors of the County of Los Angeles ("Board of Supervisors") ordains as follows:

SECTION 1. Findings.

The Board of Supervisors finds that:

A. The County of Los Angeles ("County") is the owner of certain real property within the County, in the City of Los Angeles, the street addresses of which are 550 South Vermont Avenue and 3175 West 6th Street (collectively, "Land").

B. Los Angeles County Facilities 2 Inc. ("LACF2") is a California nonprofit public benefit corporation formed for the purposes of: (i) assisting in the development and maintenance of public buildings, monuments, facilities, housing, or works; (ii) combatting community deterioration and carrying out neighborhood revitalization and community economic development; (iii) promoting social welfare and education through cooperative programs with governmental entities; (iv) undertaking activities which lessen the burdens of government; (v) serving as a supporting organization described in the Internal Revenue Code of 1986 section 509(a)(3) authorized to benefit, perform the functions of, and/or assist in carrying out the governmental purposes of the County, a body corporate and politic; and (vi) carrying on other charitable activities associated with the foregoing purposes as allowed by law.

C. LACF2's powers include entering into lease agreements and issuing bonds consistent with such purposes on behalf of the County.

D. In accordance with California Government Code ("Government Code") section 54240 et seq. authorizing public leasebacks, the County desires to lease the Land to LACF2 pursuant to a Ground Lease Agreement, by and between the County and LACF2 ("Ground Lease"), in order for LACF2 to design, develop, permit, and construct improvements and install furniture, fixtures and equipment on the Land consisting of:

1. The renovation and expansion of the existing office building comprised of: (a) approximately 154,793 gross square feet of existing space renovated to Class A office space, including 2 ground floor retail spaces of approximately 1,000 square feet each; (b) an extension of the existing building floorplates to include an additional approximately 88,340 gross square feet of new Class A office space, for a total of approximately 243,133 gross square feet of Class A office space; (c) approximately 12,050 gross square feet of renovated subterranean back-of-house support space; and (d) an elevated pedestrian walkway connecting the existing office building to the terrace level of the neighboring office building commonly known as 510 South Vermont Avenue ((a), (b), (c), and (d) collectively, "Office Building");

2. Installation of approximately 10 surface parking spaces ("Surface Parking Spaces") and landscaping located on the Land; and

3. Demolition of the existing 52,000 square foot former Department of Workforce Development, Aging and Community Services headquarters and adjacent

two-story parking structure located on the Land, all to serve as office space and related ancillary facilities for various County departments, commissions and staff (collectively, "Project").

E. The County will sublease the Land, the Office Building, the Surface Parking Spaces, landscaping and such other improvements as may be located on the Land from time to time (collectively, "Premises") back from LACF2 pursuant to a Facilities Lease Agreement, between LACF2, as sublandlord, and the County, as subtenant ("Facilities Lease").

F. The purpose of this ordinance is to authorize a public leaseback pursuant to Government Code section 54241.

G. Government Code section 54241 requires the adoption of this ordinance prior to entering into a formal agreement with the public leaseback corporation for a term that exceeds 5 years.

SECTION 2. Authorization of Public Leaseback.

A. The form of the Ground Lease, by and between the County and LACF2, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, including any person serving in such office on an interim or acting basis ("Executive Officer-Clerk"), is hereby approved, and the Chair of the Board of Supervisors, and such other member of the Board of Supervisors as the Chair may designate, the Treasurer and Tax Collector of the County ("Treasurer"), the Chief Executive Officer of the County ("Chief Executive Officer") or any other person or persons designated by the Treasurer or the Chief Executive Officer (collectively, "Authorized Officers"), are each hereby

authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Ground Lease in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

B. The form of the Facilities Lease, by and between LACF2 and the County, submitted to and on file with the Executive Officer-Clerk, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Facilities Lease in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of the principal portions of the base rent payable under the Facilities Lease shall not exceed \$260,000,000, the term of the Facilities Lease shall not exceed 40 years (provided that such term may be extended as provided therein) and the true interest cost applicable to the interest portions of the base rent shall not exceed 6 percent per annum.

SECTION 3. Subject to Referendum.

The Ground Lease and the Facilities Lease herein approved are subject to referendum as provided by California Elections Code section 9140 et seq.

SECTION 4. Effective Date.

This ordinance shall become effective 30 days from the date of final passage pursuant to Government Code section 25123.

SECTION 5. Publishing Requirement.

This ordinance shall be published before the expiration of 15 days after its passage and adoption pursuant to Government Code section 25124.

[VERMCORRDCCC]