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(213) 202-2633 FAX (213) 202-2614

June 7, 2018

Honorable City Council
City of Los Angeles
c/o: Office of the City Clerk
City Hall, Room 395

Honorable Members of the City Council:

Subject:

Amendment No. 2 to Lease Agreement No. 278 (Lease Agreement), between the Los Angeles Museum of the Holocaust and the City of Los Angeles.

Recommendation for Council Action:

The Board of Recreation and Park Commissioners (Board) respectfully requests City Council approval of a proposed Amendment No. 2 to Lease Agreement No. 278 (Lease Agreement), between the Los Angeles Museum of the Holocaust and the City of Los Angeles (City) for the use of a portion of the City's Pan Pacific Park for the operation and maintenance of the Holocaust Museum.

Background:

On May 16, 2007, through Report No. 07-111, the Board approved the relocation of the Los Angeles Museum of the Holocaust (Museum) to a portion of Pan Pacific Park. By the same action, the Board also approved a fifty (50)-year Lease Agreement for the use of a portion of Pan Pacific Park for the construction and operation of the Museum building at the Museum's sole cost. Construction was completed in late 2010.

On May 4, 2011, through Report No. 11-420, the Board approved Amendment No. 1 that modified Section 5.2.1 - Hours of Operations - to allow the Museum to operate on Saturdays and Sundays and Section 19.2 - Notices – Where Sent - that updated the mailing addresses for the Museum and the City.

In March 2017, the City was informed that the Museum was in the process of refinancing its loans through Wells Fargo Bank. As part of the refinancing, the Museum intended to encumber its leasehold interest in the remaining term of the fifty (50)-year Lease Agreement, which the City executed in 2007. The bank was to record a leasehold deed of trust to secure a new loan to consolidate the Museum's existing loans for the purpose of funding the Museum's operations.

The City did not object to this proposal as no deed of trust or liens of any kind could be recorded against or otherwise encumber the fee interest in the land owned by the City. In the event that the Museum were to default on its loan, the bank would replace the Museum as the tenant. The City's position on this matter was memorialized in an April 5, 2017 letter mailed to the Museum. In March 2018, the City was informed that Title Company involved in the processing of the loan requested that changes be also made to the Lease Agreement. The proposed changes involved amending *Section 13.7 Mortgages; Mechanic's And Materialmen's Liens*, and adding *Section 17.3 Right to Encumber; Mortgagee Protection*. With the assistance of the City Attorney, these proposed changes were reviewed and are now recommended for approval as presented. This proposed language mirrors similar language that the Board previously approved in authorizing the Heart of Los Angeles lease agreement at Lafayette Park in 2017 (Report No. 17-152).

Fiscal Impact Statement:

There is no fiscal impact to the Department of Recreation and Parks' General Fund as a result from the approval of the proposed Amendment No. 2.

If you have any questions with regard to the aforementioned matters, please contact Mr. Cid Macaraeg, Senior. Management Analyst II, Real Estate and Asset Management, at (213) 202-2608.

Very truly yours,

BOARD OF RECREATION AND
PARK COMMISSIONERS

IRIS L. DAVIS
Commission Executive Assistant II

Attachment: Board Report No. 18-112
Proposed Amendment No. 2 to Lease Agreement No. 278
Lease Agreement No. 278

cc: Cid Macaraeg, Senior. Management Analyst II, Real Estate and Asset Management , Planning, Maintenance, and Construction Branch (w/out enclosure)