

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: June 9, 2017

CAO File No. 0670-00015-0000  
Council File No. 03-1223; 02-0029  
Council District: 14

To: Mayor  
City Council

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer

Reference: Parking License Agreement

Subject: **REPORT TO TERMINATE PARKING LICENSE AGREEMENT AT THE 636  
MAPLE AVENUE PARKING STRUCTURE**

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### RECOMMENDATION

That the Council, subject to the approval of the Mayor, authorize the City Administrative Officer, with the assistance of the Department of Transportation and the City Attorney, to negotiate and execute a Termination Agreement to the Parking License Agreement between 636 Maple Avenue Intermodal Parking Structure, LLC, assigned to Wells Fargo Bank, National Association as Trustee, and the City, as the County of Los Angeles is purchasing the Parking Structure and the bonds will be paid back from the purchase proceeds.

### SUMMARY

In April of 2002, the Mayor and Council approved the Santee Court Mixed-Use Development Project (SCP), a redevelopment project providing 460 market rate housing units, 118 affordable units, 200,000 square feet of commercial and retail space, and 420 spaces in a seven-story parking structure (parking structure). The parking structure is on land ground leased from the Los Angeles Metropolitan Transportation Agency (MTA).

In October of 2005, the Mayor and Council, (1) approved funding of \$15 million for the parking structure as follows: \$10.8 million in Industrial Development Authority (IDA) Empowerment Zone Facility Revenue Bonds, Series 2005 (Santee Court Parking Facility Project), \$1.5 million from UDAG Action Grant Funds, \$1.1 million from a Small Business Administration Grant, a BGIF loan of \$500,000 and the remaining \$1.1 million from developer equity and interest earnings, and (2) authorized the Department of Transportation (DOT) to enter into a Parking License Agreement with 636 Maple Avenue Intermodal Parking Structure, LLC, (the "Borrower") and to use the Special Parking Revenue Fund (SPRF) to make annual lease payments of \$360,000 for a minimum of 20 years for a total of \$7.2 million or until the bondholders are repaid in full, to assist in paying the debt service on the \$10.8 million in IDA bonds for the public use of 140 parking spaces on ground level of the parking structure for 30 years. The ground level is controlled by

MTA and also utilized for their buses.

In May 2012, the parking structure went into Receivership as a result of the borrower defaulting on the IDA bonds. ACA Financial Guaranty Corporation (ACA), an insurance company, on behalf of the bondholders, took over the operation of the parking structure and continued to make payments on the debt service owed to the bondholders. As required by the Parking Agreement, the City continued to pay its \$360,000 annually from the SPRF until the bondholders and ACA are repaid in full. To date, the City has paid \$3.69 million in lease payments and would be obligated to pay an additional \$5.91 million until the bondholders and ACA have been paid in full.

The County of Los Angeles (County) is in the process of negotiating the purchase of the parking structure from the current owner. As part of that process, the County has requested that the City terminate the Parking Agreement concurrent with the redemption of all outstanding IDA bonds. The County plans to use the parking structure for staff currently providing services to homeless high-risk and high-need clients located throughout downtown and specifically in the Skid Row area. These services include the Department of Mental Health programs, such as the Homeless CalWORKs Families Project, Prevention and Early Intervention, Full Service Partnership, and Men's Community Reintegration Services and Education Center. The Department of Health Service programs include the Sobering Center and Housing for Health's County+City+Community (C3) program in collaboration with the Los Angeles Homeless Services Authority, Lamp Community and AmeriCorps. During the day, the parking spaces on the ground floor will remain as public parking. The Trustee will use the purchase price to redeem all bonds and repay ACA for payments it has made to bondholders to date. The City's termination of its lease will be conditioned upon the County Board of Supervisors and the MTA approving the proposed purchase and transfer of the ground lease and 636 Maple parking structure.

Although the Parking Agreement calls for the repayment of the \$7.2 million in SPRF to the City after 30 years, there will not be sufficient funds to reimburse the City for its investment so far of \$3.69 million. The City, however, will no longer have to pay an estimated additional \$5.91 million in the future for this structure to remain a public parking lot.

This report is consistent with the City's Financial Policies

## **FISCAL IMPACT**

There is no impact to the City's General Fund. The termination of the Parking License Agreement will cease the \$350,000 in lease payments paid each year and the parking structure will still provide public parking spaces on the first floor.

*RHL:NRB:0917190*

### **Attachments:**

Attachment 1: Termination of Parking License Agreement

Attachment 2: Termination of Memorandum of Parking License Agreement

## ATTACHMENT 1

### Termination of Parking License Agreement

## TERMINATION OF PARKING LICENSE AGREEMENT

This TERMINATION OF PARKING LICENSE AGREEMENT (this “**Agreement**”) is entered into as of [\_\_\_\_\_], 2017, by and between MAPLE AVENUE PARKING STRUCTURE, LLC, a Delaware limited liability company (the “**Licensor**”), and CITY OF LOS ANGELES, a municipal corporation and charter city of the State of California (the “**City**”).

### RECITALS

A. The City previously entered into that certain Parking License Agreement with 636 Maple Avenue Intermodal Parking Structure, LLC, a California limited liability company (the “**Previous Owner**”) dated December 1, 2005 (the “**Parking License**”), by which the Previous Owner, among other things, granted to the City a license to use not less than 140 parking spaces in the parking facility existing on the real property described in Exhibit A (the “**Property**”). Capitalized terms used but not defined herein shall have the meanings set forth in the Parking License.

B. The Parking License was entered into, in part, in connection with the issuance of Industrial Development Authority of the City of Los Angeles Empowerment Zone Facility Revenue Bonds, Series 2005 (Santee Court Parking Facility Project) (the “**Bonds**”), issued pursuant to an Indenture of Trust, dated as of December 1, 2005 (the “**Indenture**”), between the Industrial Development Authority of the City of Los Angeles and Wells Fargo Bank, National Association, as trustee.

C. The Licensor is the successor in interest to the interest of the Previous Owner with respect to the Parking License.

D. Concurrently with the execution of this Agreement, the Bonds are being defeased and the Indenture is being discharged.

E. The Licensor and the City now desire to terminate the Parking License subject to the terms and conditions set forth in this Agreement.

### AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Termination. The Parking License shall be terminated and of no further force or effect as of the date the Bonds are defeased,.

2. Termination of Memorandum and Further Documents. Concurrently herewith, the Licensor and the City shall execute and cause to be recorded in the recorded in the Office of the Recorder of Los Angeles County, California a Termination of Memorandum of Parking License Agreement which shall terminate and remove from title that certain Memorandum of Parking License Agreement dated December 1, 2005 and recorded in the Office of the Recorder



of Los Angeles County, California on December 15, 2005, as Document No. 05-3087971. In addition to the foregoing, the Licensor and the City shall execute and deliver all such documents and perform all such acts as reasonably requested by the other party from time to time, to carry out the matters contemplated by this Agreement.

3. Counterparts. This Agreement may be executed in several counterparts and all so executed shall constitute one agreement, binding on all the parties hereto even though all the parties are not signatories to the original or the same counterpart. Delivery of a facsimile or other copy of a signed version of this Agreement has the same effect as delivery of an original.

4. Governing Law. This Agreement shall be governed by and construed in accordance with California law. This Agreement shall be interpreted to give each of the provisions their plain meaning. The Recitals are incorporated into the Agreement.

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**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement as of the date first written above.

**Licensor:**

Maple Avenue Parking Structure, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**City:**

City of Los Angeles,  
a municipal corporation and charter city

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Approved as to Form:

MICHAEL N. FEUER, City Attorney

By \_\_\_\_\_  
CHARLES S. HONG  
Deputy City Attorney

Date \_\_\_\_\_

## Exhibit A

### Description of Real Property

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

#### PARCEL 1:

LOT 22 OF THE SUBDIVISION OF REYES VINEYARD, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 59 PAGE 92 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO A TRACT OF LAND IN THE CITY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

BEGINNING IN THE WESTERLY LINE OF WALL STREET, DISTANT 229.85 FEET NORTHERLY FROM THE LINE OF INTERSECTION OF SAID STREET LINE WITH THE NORTHERLY LINE OF SEVENTH STREET; THENCE NORTHERLY ALONG SAID LINE OF WALL STREET, 100 FEET; THENCE WESTERLY AT RIGHT ANGLES TO SAID STREET LINE 59.92 FEET, MORE OR LESS, TO THE WEST LINE OF VINEYARD LOT NO. 4 OF THE MARIA ANTONIA MACHADO DE REYES TRACT, AS PER MAP RECORDED IN BOOK 1 PAGE 258 MISCELLANEOUS RECORDS OF SAID COUNTY; THENCE SOUTHERLY 100.03 FEET AND THENCE EASTERLY 62.75 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

#### PARCEL 2:

LOT 23 OF THE SUBDIVISION OF REYES VINEYARD PROPERTY, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 59 PAGE 92 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE SOUTHERLY 10 FEET THEREOF.

#### PARCEL 3:

LOT 21 OF THE SUBDIVISION OF REYES VINEYARD PROPERTY, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 59, PAGE 92, MISCELLANEOUS RECORDS OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS, AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE BELOW THE UPPER 100 FEET OF THE SUBSURFACE OF THE PARCEL OF LAND HEREINABOVE DESCRIBED, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING AND OPERATING THEREFOR AND REMOVING THE SAME FROM SAID LAND OR ANY

OTHER LAND, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN THOSE HEREINABOVE DESCRIBED, OIL OR GAS WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS OR MINES, WITHOUT, HOWEVER, THE RIGHT TO DRILL, MINE, EXPLORE AND OPERATE THROUGH THE SURFACE OF SAID UPPER 100 FEET OF THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED OR OTHERWISE IN SUCH MANNER AS TO ENDANGER THE SAFETY OF ANY IMPROVEMENT THAT MAY BE CONSTRUCTED ON SAID LANDS, AS RESERVED IN THE FINAL ORDER OF CONDEMNATION, A CERTIFIED COPY THEREOF RECORDED APRIL 8, 1966 AS INSTRUMENT NO. 3714, UNDER LOS ANGELES COUNTY SUPERIOR COURT CASE 858653, REGARDING PARCEL 2.

ALSO A PORTION OF A TRACT OF LAND IN THE CITY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WESTERLY LINE OF WALL STREET 60.00 FEET WIDE, DISTANT NORTHERLY THEREON 329.85 FEET FROM THE NORTHERLY LINE OF 7TH STREET, 80.00 FEET WIDE; THENCE NORTHERLY ALONG SAID WESTERLY LINE A DISTANCE OF 23.42 FEET TO A POINT ESTABLISHED BY THE EASTERLY PROLONGATION OF THE NORTHERLY PROPERTY LINE OF LOT 21, REYES VINEYARD PROPERTY, AND SAID WESTERLY LINE; THENCE WESTERLY ALONG THE EASTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 21, REYES VINEYARD PROPERTY, A DISTANCE OF 58.22 FEET TO THE REYES VINEYARD PROPERTY, AS SHOWN ON MAP RECORDED IN BOOK 59 PAGE 92 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE SOUTHERLY ALONG THE EASTERLY LINE OF REYES VINEYARD PROPERTY A DISTANCE OF 25.00 FEET, TO THE SOUTHWESTERLY CORNER OF THE LAND DESCRIBED IN THE DEED TO PACIFIC ELECTRIC LAND COMPANY, RECORDED ON NOVEMBER 20, 1914 AS INSTRUMENT NO. 63, IN BOOK 5923 PAGE 231 OF DEEDS, IN SAID OFFICE OF THE COUNTY RECORDER; THENCE EASTERLY ALONG THE SOUTHERLY LINE OF THE LAND DESCRIBED IN SAID DEED A DISTANCE OF 59.92 FEET TO THE POINT OF BEGINNING.

EXCEPT ALL OIL, OIL RIGHTS, NATURAL GAS RIGHTS, MINERAL RIGHTS, ALL OTHER HYDROCARBON SUBSTANCES BY WHATSOEVER NAME KNOWN, AND ALL WATER, CLAIMS OR RIGHTS TO WATER, TOGETHER WITH APPURTENANT RIGHTS THERETO, WITHOUT, HOWEVER, ANY RIGHT TO ENTER UPON THE SURFACE OF SAID LAND NOR ANY PORTION OF THE SUBSURFACE LYING ABOVE A DEPTH OF 500 FEET, AS RESERVED BY FINAL ORDER OF CONDEMNATION RECORDED MAY 19, 1966 AS INSTRUMENT NO. 2634, OF OFFICIAL RECORDS.



ATTACHMENT 2

Termination of Memorandum of Parking License Agreement

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

NIXON PEABODY LLP  
300 S. Grand Ave., Ste. 4100  
Los Angeles, California 90071  
Attention: Justin X. Thompson, Esq.

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## TERMINATION OF MEMORANDUM OF PARKING LICENSE AGREEMENT

This TERMINATION OF MEMORANDUM OF PARKING LICENSE AGREEMENT (this “**Termination**”) is dated as of [\_\_\_\_\_, 2017], by and between MAPLE AVENUE PARKING STRUCTURE, LLC, a Delaware limited liability company (the “**Licensor**”), and CITY OF LOS ANGELES, a municipal corporation and charter city of the State of California (the “**City**”).

1. Grant of Parking License. The City previously entered into that certain Parking License Agreement with 636 Maple Avenue Intermodal Parking Structure, LLC, a California limited liability company (the “**Previous Owner**”) dated December 1, 2005 (the “**Parking License**”), by which the Previous Owner, among other things, granted to the City a license to use not less than 140 parking spaces in the parking facility existing on the real property described in Exhibit A (the “**Property**”). The Licensor is the successor in interest to the interest of the Previous Owner with respect to the Parking License.

2. Memorandum. To evidence the Parking License, the Licensor and the City executed that certain Memorandum of Parking License Agreement dated December 1, 2005 and recorded in the Office of the Recorder of Los Angeles County, California on December 15, 2005, as Document No. 05-3087971 (the “**Memorandum**”).

3. Termination. The Licensor and the City have executed that certain Termination of Parking License Agreement, and now execute this Termination to terminate and remove the Memorandum from record and to evidence the termination of the Parking License.

4. Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed them in the Parking License.

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IN WITNESS WHEREOF, the parties hereto have executed this Termination as of the date and year first above written.

**Licensor:**

Maple Avenue Parking Structure, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**City:**

City of Los Angeles,  
a municipal corporation and charter city

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Approved as to Form:

MICHAEL N. FEUER, City Attorney

By \_\_\_\_\_  
CHARLES S. HONG  
Deputy City Attorney

Date \_\_\_\_\_

## ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
(insert name and title of the officer)

personally appeared \_\_\_\_\_  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

## ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of \_\_\_\_\_ )

On \_\_\_\_\_ before me, \_\_\_\_\_  
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personally appeared \_\_\_\_\_,  
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person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)



**Exhibit A**

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