

CITY OF LOS ANGELES  
CALIFORNIA

**JUNE LAGMAY**  
City Clerk

**HOLLY L. WOLCOTT**  
Executive Officer

When making inquiries relative to  
this matter, please refer to the  
Council File No.



**ANTONIO R. VILLARAIGOSA**  
MAYOR

Office of the  
CITY CLERK

**Council and Public Services**  
Room 395, City Hall  
Los Angeles, CA 90012  
General Information - (213) 978-1133  
Fax: (213) 978-1040

**SHANNON HOPPE**  
Council and Public Services  
Division

[www.cityclerk.lacity.org](http://www.cityclerk.lacity.org)

June 11, 2013

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council  
File No. 13-0505, at its meeting held May 28, 2013.



City Clerk  
OS

RECEIVED  
Mayor's Time Stamp  
RECEIVED  
2013 MAY 31 PM 3:28  
CITY OF LOS ANGELES

RECEIVED  
City Clerk's Time Stamp  
CITY CLERK'S OFFICE  
2013 MAY 31 PM 3:20  
CITY CLERK  
BY \_\_\_\_\_  
DEPUTY

SUBJECT TO THE MAYOR'S APPROVAL

COUNCIL FILE NO. 13-0505

COUNCIL DISTRICT \_\_\_\_\_

COUNCIL APPROVAL DATE MAY 28, 2013

RE: FORMING A COMMUNITY TAXING DISTRICT FOR THE COURTYARD BY MARRIOTT AND RESIDENCE INN PROJECT

LAST DAY FOR MAYOR TO ACT JUN 10 2013  
(10 Day Charter requirement as per Charter Section 341)

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DO NOT WRITE BELOW THIS LINE - FOR MAYOR USE ONLY

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APPROVED  
✓  
\_\_\_\_\_

\*DISAPPROVED  
\_\_\_\_\_

\*Transmit objections in writing  
pursuant to Charter Section 341

DATE OF MAYOR APPROVAL OR DISAPPROVAL JUN 10 2013

\_\_\_\_\_  
MAYOR

RECEIVED  
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2013 JUN 10 PM 4:27  
BY \_\_\_\_\_  
CITY CLERK  
DEPUTY

28



## Council Action

The City Council ADOPTED the following recommendation(s), contained in a COMMUNICATION FROM THE CITY ATTORNEY which were WAIVED, pursuant to Council Rule 17, by the Chair of the Budget and Finance Committee, SUBJECT TO THE APPROVAL OF THE MAYOR:

ADOPT the accompanying RESOLUTION to establish a community taxing district and to authorize the levy of special taxes for City of Los Angeles Community Taxing District No. 4 (Courtyard by Marriott and Residence Inn Project).

Council File No. 13-0505

**ADOPTED**

MAY 28 2013

**LOS ANGELES CITY COUNCIL**

**MAYOR WITH FILE**

## RESOLUTION

A Resolution of Intention to establish a Community Taxing District and to authorize the levy of special taxes.

**WHEREAS**, the Council (City Council) of the City of Los Angeles (City) has received a written petition (Petition) from 901 West Olympic Boulevard Limited Partnership, a Washington limited partnership (Landowner), requesting the institution of proceedings for the establishment of a community taxing district (Community Taxing District);

**WHEREAS**, the Landowner has represented to the City Council that the Landowner is the owner of 100% of the area of land proposed to be included within the Community Taxing District;

**WHEREAS**, under the Special Tax Improvements Ordinance of the City of Los Angeles, Chapter 10 of Division 6 of the Los Angeles Administrative Code (Ordinance), the City Council is authorized to establish the Community Taxing District;

**WHEREAS**, the City's policies and procedures require that the applicant under the Ordinance advance funds to cover all City and consultant costs associated with establishing a community taxing district;

**WHEREAS**, Section 6.706 of the Ordinance provides that, at any time either before or after the formation of a community taxing district, the legislative body may accept advances of funds from any source, including, but not limited to, private persons or private entities and may provide, by resolution, for the use of those funds for any authorized purpose, including, but not limited to, paying any cost incurred by the local agency in creating a community taxing district;

**WHEREAS**, Section 6.706 of the Ordinance further provides that the legislative body may enter into an agreement with the person or entity advancing the funds, to repay all or a portion of the funds advanced, as determined by the legislative body, with or without interest, under all the following conditions: (a) the proposal to repay the funds is included in the resolution of intention to establish a community taxing district adopted pursuant to Section 6.716 of the Ordinance or in the ordinance of formation to establish a community taxing district pursuant to Section 6.723 of the Ordinance, (b) any proposed special tax is approved by the qualified electors of the community taxing district pursuant to the Ordinance, (c) any agreement shall specify that if the qualified electors of the community taxing district do not approve the proposed special tax, the local agency shall return any funds which have not been committed for any authorized purpose by the time of the election to the person or entity advancing the funds, and (d) any work in-kind accepted pursuant to Section 6.706 shall have been found to be performed or constructed in compliance with applicable City building codes and standards;

**WHEREAS**, the City and the Landowner have entered into a Deposit and Reimbursement Agreement, dated as of December 1, 2012 (Deposit Agreement), that provides for the advancement of funds by Landowner to be used to pay costs incurred in connection with the establishment of the Community Taxing District, and provides for the reimbursement to Landowner of such funds advanced, without interest, from the proceeds of any special taxes levied and collected by the Community Taxing District; and

**WHEREAS**, the City desires to include in this Resolution, in accordance with Section 6.706 of the Ordinance, the proposal to repay funds pursuant to the Deposit Agreement;

**NOW, THEREFORE, BE IT RESOLVED** that the Council of the City of Los Angeles does determine and order as follows:

Section 1. The City Council hereby finds that the Petition is signed by the requisite number of owners of land proposed to be included in the Community Taxing District.

Sec. 2. The facilities (Facilities) proposed to be financed in part by the Community Taxing District pursuant to the Ordinance are described on Exhibit A hereto, which is by this reference incorporated herein. Pursuant to Section 6.713 of the Ordinance, the City Council hereby finds that the Facilities, which will be privately owned, will constitute a public benefit to the City in the following respects: (i) direct benefits such as revenues from the Facilities and increased revenues from property, sales, parking, business license, utility and hotel taxes, and (ii) enhanced economic opportunities for the City's convention center.

Sec. 3 The City Council proposes to establish a community taxing district under the terms of the Ordinance. The boundaries of the territory proposed for inclusion in the Community Taxing District are described in the map showing the proposed Community Taxing District (Boundary Map) on file with the City Clerk of the City (City Clerk), which boundaries are hereby preliminarily approved and to which map reference is hereby made for further particulars. The City Clerk is hereby directed to sign the original Boundary Map and record, or cause to be recorded, the Boundary Map with all proper endorsements thereon in the office of the Los Angeles County Recorder within 15 days of the date of adoption of this Resolution, all as required by Section 3111 of the California Streets and Highways Code.

Sec. 4. The name proposed for the Community Taxing District is "City of Los Angeles Community Taxing District No. 4 (Courtyard by Marriott and Residence Inn Project)."

Sec. 5. The Landowner represented in the Petition that there will be funds otherwise available sufficient to pay for all Facilities. Therefore, a special tax to pay for a portion of the Facilities secured by recordation of a continuing lien against all nonexempt real property in the Community Taxing District, will be levied annually within

the Community Taxing District. The rate and method of apportionment of the special tax (Rate and Method), insufficient detail to allow each landowner within the proposed Community Taxing District to estimate the maximum amount that it will have to pay, is described in Exhibit B attached hereto, which is by this reference incorporated herein. The special tax will be collected monthly from the affected property owners by the Community Taxing District, which will enter into an agreement with a paying agent to perform such collection duties.

Sec. 6. The tax year after which no further special tax will be levied against any parcel is specified in the Rate and Method.

Sec. 7. The City Council hereby fixes June 26, 2013, at 10:00 a.m., or on a date specified by the City Administrative Officer, at the John Ferraro Council Chamber, Room 340, 200 North Spring Street, Los Angeles, California, as the time and place when and where the City Council will conduct a public hearing on the establishment of the Community Taxing District.

Sec. 8. The City Clerk is hereby directed to publish, or cause to be published, a notice of said public hearing one time in a newspaper of general circulation published in the area of the Community Taxing District. The publication of said notice shall be completed at least seven days prior to the date herein fixed for said hearing. Said notice shall contain the information prescribed by Section 6.718 of the Ordinance.

Sec. 9. The levy of said proposed special tax shall be subject to the approval of the qualified electors of the Community Taxing District at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the Community Taxing District, with each owner having one vote for each acre or portion of an acre such owner owns in the Community Taxing District.

Sec. 10. The City Administrative Officer and the Chief Legislative Analyst are hereby directed to prepare the report required by Section 6.717 of the Ordinance and cause such report to be filed with the City Clerk at or before the time of the public hearing. Such report shall be made a part of the record of said public hearing.

Sec. 11. The legislative body of Community Taxing District shall be the City Council.

Sec. 12. The Landowner has heretofore advanced certain funds, and may advance additional funds, which have been or may be used to pay costs incurred in connection with the establishment of the Community Taxing District. The City Council proposes to repay all or a portion of such funds expended for such purpose, solely from the proceeds of special taxes levied and collected, pursuant to the Deposit Agreement. The Deposit Agreement is hereby incorporated herein as though set forth in full herein.

Sec. 13. The Deposit Agreement, in the form previously submitted to and on file with the City Administrative Officer, is hereby approved, ratified and confirmed. The

City Administrative Officer of the City or a Assistant City Administrative Officer of the City, has executed and delivered the Deposit Agreement.

Sec. 14. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

Sec. 15. This Resolution shall take effect immediately upon its passage.

**PASSED and ADOPTED** by the Council of the City of Los Angeles this 28 th day of May, 2013, by the following vote:

AYES: 11

NOES: ~~0~~

ABSENT: 4

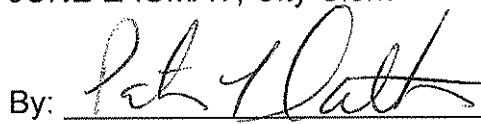
**APPROVED AS TO FORM AND LEGALITY**

CARMEN A. TRUTANICH, City Attorney

By:   
Assistant City Attorney

I hereby certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting on MAY 28 2013.

JUNE LAGMAY, City Clerk

By:   
Deputy





## EXHIBIT A

### TYPES OF FACILITIES

The types of facilities to be financed in part by the Community Taxing District are the following:

A hotel containing no less than 392 rooms, 174 of which are branded as Courtyard Marriott's limited service brand hotel and 218 rooms branded as Residence Inn Rooms, together with ancillary facilities, including 5,100 square feet of ground floor retail space, an approximately 11,474 square feet of project-serving conference and meeting rooms, spa, fitness center, and ancillary hotel office areas.

## EXHIBIT B

### RATE AND METHOD OF APPORTIONMENT FOR CITY OF LOS ANGELES COMMUNITY TAXING DISTRICT NO. 4 (COURTYARD BY MARRIOTT AND RESIDENCE INN PROJECT)

A Special Tax shall be levied on all Assessor's Parcels in the City of Los Angeles Community Taxing District No. 4 (Courtyard by Marriott and Residence Inn Project) ("CTD No. 4") each Fiscal Year, and shall be collected each month, commencing with the First Fiscal Year, in the manner and in an amount determined through application of the Special Tax rates for the Hotel Property, and as described hereinafter. All real property in CTD No. 4, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner provided here.

#### A. Definitions

The capitalized terms set forth above and below shall have the following meanings which shall be an integral part of this Rate and Method of Apportionment:

"Adjusted Hotel Construction Allocation" means the amount allocated to Special Taxes if such amount is less than \$21,890,000 to finance a portion of the Hotel Project improvements, valued as of the Commencement Date, which amount shall be identified in a certificate signed by the Owner of the Hotel Property and the CTD Administrator pursuant to the Funding Agreement.

"Administrative Expenses" means any actual and reasonable costs related to the formation of CTD No. 4 and, for any Fiscal Year, any actual or estimated costs directly related to the administration of CTD No. 4, including costs of computing the Special Taxes and making all other financial determinations related to the Special Taxes; costs of collecting the Special Taxes (whether by CTD No. 4, or its designee, which may be the Fiscal Agent); the reasonable costs of the Fiscal Agent including its legal counsel in the discharge of the duties required of it under the Funding Agreement; reasonable attorneys fees and other reasonable costs related to commencing and pursuing to completion any legal proceedings; and an allocable share of the salaries of City staff directly related to the foregoing.

"Assessor's Parcel" means a fee interest in one or more lots shown on a subdivision map or Assessor's Parcel Map with an assigned Assessor's Parcel number, and located within Parcel CTD No. 4 whether or not such Assessor's Parcel is exempt from property or other taxation. Special Taxes will be collected pursuant to the Funding Agreement and will not be collected by the Los Angeles County Assessor.

"Certificate of Occupancy" means a certificate of occupancy (which may be a temporary certificate of occupancy) issued by the City's Department of Building and Safety, which permits the Hotel to be used for transient occupancy purposes.

“City” means the City of Los Angeles.

“City Administrative Officer” or “CAO” means the City Administrative Officer of the City, or his or her designee, or any Assistant City Administrative Officer, or a City official succeeding to the duties of the CAO.

“City Clerk” means the City Clerk of the City.

“Commencement Date” means the date a Certificate of Occupancy for either component hotel of the Hotel Property is issued.

“Commercial Property” means any Assessor’s Parcel used for commercial purposes and which is not Hotel Property.

“Council” or “City Council” means the Council of the City, acting as the legislative body of CTD No. 4.

“CTD Administrator” means the CAO, or his or her designee, responsible for the administration of CTD No. 4.

“First Fiscal Year” means the Fiscal Year in which the Commencement Date occurs.

“Fiscal Agent” means the fiscal agent selected by the CTD Administrator to be a party to the Funding Agreement. The Fiscal Agent shall have the same qualifications and be subject to the same general requirements as the qualifications and requirements of trustees serving as trustees for the City’s bond issues.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Funding Agreement” means the funding agreement, by and among the City, CTD No. 4, the Fiscal Agent, and the Original Owner, pursuant to which the Special Taxes will be collected, administered and expended, less Administrative Expenses.

“Hotel Construction Allocation” means the lesser of (i) \$21,890,000 valued as of the Commencement Date, or (ii) the Adjusted Hotel Construction Allocation valued as of the Commencement Date.

“Hotel Property” means all lots within CTD No. 4 for which a Certificate of Occupancy and all other applicable approvals have been obtained to permit such property to be used for transient occupancy purposes consistent with the Transient Occupancy Tax Ordinance.

“Maximum Hotel Special Tax Amount” means the amount determined pursuant to Section F below.

“Office of Finance” means the Office of Finance of the City, which is empowered to collect the City’s transient occupancy tax pursuant to the Transient Occupancy Ordinance.

“Ordinance” means the Special Tax Improvements Ordinance of the City of Los Angeles, constituting Chapter 10 of Division 6 of the Los Angeles Administrative Code.

“Original Owner” means 901 West Olympic Boulevard Limited Partnership, a Washington limited partnership.

“Owner” means any and all persons or entities, owning a real property interest in the Taxable Property.

“Public Property” means any real property within the boundaries of CTD No. 4 which is transferred to a public agency and used for any purpose and owned by or dedicated to the federal government, the State, the County of Los Angeles, the City, or any other public agency.

“Residential Property” means any Assessor’s Parcel used for residential purposes.

“Special Tax” means the special tax, if any, to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax Requirement.

“Special Tax Requirement” means, for any Fiscal Year, the Transient Occupancy Receipts collected by an Owner of Hotel Property or its agent pursuant to the Transient Occupancy Tax Ordinance which receipts such Owner is obligated to remit to the Fiscal Agent on a monthly basis pursuant to the Ordinance, CTD No. 4, and the Funding Agreement, until the Maximum Hotel Special Tax Amount has been levied, collected, remitted and satisfied. Unless the context otherwise requires, all references to an Owner’s payment of Transient Occupancy Receipts shall mean (for convenience of reference only and not to adjust the legal incidence, obligation to pay, or methodology for imposing the Transient Occupancy Tax pursuant to the Transient Occupancy Tax Ordinance) the offset the Owner receives for Special Taxes paid against tax receipts an Owner otherwise would remit to the Office of Finance.

“State” means the State of California.

“Taxable Property” means, for each Fiscal Year, all Assessor’s Parcels within the boundaries of CTD No. 4 which are not exempt from the Special Tax for such Fiscal Year as Commercial Property, Residential Property, or Public Property or pursuant to law.

“TOT Aggregate Payments” means the aggregate Transient Occupancy Receipts calculated pursuant to Section F below.

“TOT Aggregate Payments Present Value” means the TOT Aggregate Payments discounted to present value as of the Commencement Date determined using an

annual discount rate of 10%.

“Transient Occupancy Receipts” means the tax based on a percentage of the rents charged by a hotel operator, as such terms are defined in the Transient Occupancy Tax Ordinance, to any person or persons for the privilege of transient occupancy in a hotel located within CTD No. 4 and which amount is subject to the Transient Occupancy Tax Ordinance.

“Transient Occupancy Tax Ordinance” means Article 1.7 of Chapter II of the Los Angeles Municipal Code.

“Twenty-fifth Anniversary Date” means the date that is twenty-five (25) years after the Commencement Date.

**B. Special Tax Rates**

The special tax rate for Hotel Property shall be the rate equal to the Transient Occupancy Taxes paid by the Owner of the Hotel Property pursuant to the Funding Agreement.

**C. Method of Apportionment of Special Tax**

Commencing with the First Fiscal Year, and subject to Section F, the Council, acting as the legislative body of CTD No. 4, shall levy the Special Tax on all Taxable Property, at the Special Tax rates specified herein, which levy shall continue until the total amount of Special Taxes levied, collected and satisfied in all Fiscal Years reaches the Maximum Hotel Special Tax Amount. The levy shall be undertaken by Ordinance. Each such levy may include an annual appropriations limit to the extent deemed necessary.

**D. Manner of Collection**

Each month each Owner of Hotel Property or its duly authorized agent shall submit to the Office of Finance information on the Transient Occupancy Tax collected pursuant to the Transient Occupancy Tax Ordinance, in accordance with the Transient Occupancy Tax collection procedures established by the Office of Finance. Concurrently therewith and in accordance with Section 21.7.7 of the Transient Occupancy Tax Ordinance, each Owner of Hotel Property or its duly authorized agent shall transfer to the Fiscal Agent for deposit in the Special Fund required pursuant to the Ordinance and the Funding Agreement and held under the Funding Agreement, its Special Taxes in the amount of the Transient Occupancy Receipts collected by such Owner of Hotel Property during the immediately previous month (or other applicable Office of Finance collection period).

**E. Determination of Maximum Hotel Special Tax Amount**

After the June 30 (the "End Date") end of each Fiscal Year ("Current Fiscal Year"), the CTD Administrator, or his or her designee, shall: (i) identify all Special Taxes related to Transient Occupancy Receipts paid each month by the Owner during all previous Fiscal Years and the Current Fiscal Year; (ii) determine the total of all such monthly payments (without adding any interest) to and including the End Date ("TOT Aggregate Payments"); (iii) calculate the resulting TOT Aggregate Payments Present Value; and (iv) if applicable, identify the date on which the Maximum Hotel Special Tax Amount is reached. The Maximum Hotel Special Tax Amount shall be reached at the earlier of (i) the Twenty-fifth Anniversary Date or (ii) at the time the TOT Aggregate Payments Present Value equal the Hotel Construction Allocation, at which time the Special Tax related to the Hotel Property shall end. If the Maximum Hotel Special Tax Amount is reached during a Current Fiscal Year such that the Owner of Hotel Property paid Special Taxes in excess of the Maximum Hotel Special Tax Amount and received a corresponding offset against Transient Occupancy Receipts, the Special Taxes paid in excess of the Maximum Hotel Special Tax Amount shall be deemed Transient Occupancy Receipts owed by the Owner of the Hotel Property to the City (without receiving any credit or deduction for Administrative Expenses) pursuant to the Transient Occupancy Tax Ordinance and the Owner shall pay such Transient Occupancy Receipts to the Office of Finance.

**F. Term of Special Tax**

The Special Tax shall be levied for the period necessary to fully satisfy the Special Tax Requirement, which shall include only the portion of the Fiscal Year (and the portion of the month within such Fiscal Year) in which and to the time at which the Maximum Hotel Special Tax Amount is attained. In no event shall the Special Tax Requirement extend beyond the Twenty-fifth Anniversary Date.