

ECONOMIC DEVELOPMENT COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to amending the Los Angeles Administrative Code (LAAC) to create the Grand Avenue Hotel Project Trust Fund for the receipt and disbursement of hotel development incentive payments related to the Grand Avenue Hotel Development Project.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. PRESENT and ADOPT the accompanying Ordinance dated January 19, 2017 adding Chapter 173 to Division 5 of the LACC to create the Grand Avenue Hotel Project Trust Fund for the receipt and disbursement of appropriations to fund hotel development incentive payments to be made by the City in relation the Grand Avenue Hotel Development Project.
2. REQUEST the City Attorney to prepare and present an Ordinance to repeal Community Taxing District No. 2.

Fiscal Impact Statement: None submitted by the City Attorney. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On March 28, 2017, your Committee considered a January 19, 2017 City Attorney report and Ordinance dated January 19, 2017 relative to amending the LAAC to create the Grand Avenue Hotel Project Trust Fund for the receipt and disbursement of hotel development incentive payments related to the Grand Avenue Hotel Development Project. According to the City Attorney, on December 14, 2016, Council approved a Hotel Development Incentive Agreement (HDIA) between the City and Core/Related Grand Ave Owner, LLC (Developer) to fund a projected financing gap for the Project (Council File No. 13-1694-S1).

The HDIA provides that the City will pay up to \$55,100,000, net present value, in yearly incentive payments (Incentive Payments) to fund a portion of the financing gap over a term not to exceed 25 years. Deposits will be measured by net new tax revenues generated from the Project and cannot exceed 50 percent of the projected net new revenues received by the City over the term of the HDIA. The City's obligations to make the Incentive Payments are conditioned upon the Developer's continued compliance with all material terms of the HDIA.

The acceptance and disbursement of the Incentive Payments require the creation of a fund to ensure that monies are received and expended in accordance with the terms of the HDIA. The enclosed draft ordinance establishes the required fund within the Administrative Code and designates the Chief Administrative Officer (CAO) as the fund administrator. The CAO, in its role as fund administrator, will be required to ensure that the Developer is in compliance with the terms of the HDIA and to establish the amount of the yearly budgetary allocation to be made into the Fund. The City's Economic and Workforce Development Department will be required to maintain records, issue reports, schedule public hearings and perform any other activity required by State law in regards to making these type of economic development subsidies pursuant to

California Government Code Section 53083.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Ordinance. Additionally, the Committee moved to recommend requesting the City Attorney to prepare and present an Ordinance to repeal Community Taxing District No.2. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
CEDILLO:	ABSENT
HARRIS-DAWSON:	YES
KREKORIAN:	YES
MARTINEZ:	YES

ARL
3/28/17

-NOT OFFICIAL UNTIL COUNCIL ACTS-