

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

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

PRESENT and ADOPT the accompanying Ordinance dated January 19, 2017 adding Chapter 174 to Division 5 of the LAAC to create the Wilshire Grand 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 Wilshire Grand Hotel Development Project.

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 Wilshire Grand Hotel Project Trust Fund for the receipt and disbursement of hotel development incentive payments related to the Wilshire Grand Hotel Development Project. According to the City Attorney, on December 14, 2016, Council approved a Second Amendment to the Subvention Agreement for the Wilshire Grand Hotel Development Incentive Agreement (Agreement) between the City and Hanjin International Corporation, a California Corporation (Developer), to fund a projected financing gap for the Project (Council File No. 13-1694-S1). The Agreement provides that the City will pay up to \$60,784,503, net present value, in yearly incentive payments (Incentive Payments) to fund the 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 Agreement. The City's obligations to make the Incentive Payments are conditioned upon the Developer's continued compliance with all material terms of the Agreement. The acceptance and disbursement of the Incentive Payments requires the creation of a fund to ensure that monies are received and expended in accordance with the terms of the Agreement. The 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. 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:	ABSENT
MARTINEZ:	YES

ARL
3/28/17

-NOT OFFICIAL UNTIL COUNCIL ACTS-