



MICHAEL N. FEUER
CITY ATTORNEY

REPORT NO. R 15 - 0 0 2 8
FEB 1 1 2015

REPORT RE:

**DRAFT ORDINANCE ADDING CHAPTERS 168 TO DIVISION 5 OF THE
LOS ANGELES ADMINISTRATIVE CODE TO CREATE THE METROPOLIS HOTEL
PROJECT TRUST FUND FOR THE RECEIPT AND DISBURSEMENT OF HOTEL
DEVELOPMENT INCENTIVE PAYMENTS RELATED TO THE APPROVAL OF
THE METROPOLIS HOTEL DEVELOPMENT PROJECT**

The Honorable City Council
of the City of Los Angeles
Room 395 City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

Pursuant to the request of your Honorable Body, this Office has prepared and now transmits for your consideration, the enclosed draft ordinance, approved as to form and legality. The draft ordinance adds Chapter 168 to Division 5 of the Los Angeles Administrative Code to create the Metropolis Hotel Project Trust Fund for the receipt and disbursement of hotel development incentive payments to be made by the City to the Developer of the Metropolis Hotel Project to fund a portion of Project costs.

Background and Summary of Ordinance Provisions

On December 14, 2014, your Honorable Body approved a Hotel Development Incentive Agreement (HDIA) between the City and Greenland LA Metropolis Hotel Development, LLC (Developer) to fund a projected financing gap for the Metropolis Hotel Development Project (Project). The HDIA provides that the City will pay up to \$13,500,000, 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% 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 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 enclosed draft ordinance establishes the required fund within the Administrative Code and designates the Economic and Workforce Development Department (EWDD) as the fund administrator. EWDD, in its role as fund administrator, will be required to ensure that 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. EWDD will also 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.

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38 to the Economic and Workforce Development Department, the Chief Legislative Analyst and the City Administrative Officer, and their comments have been incorporated.

If you have any questions regarding this matter, please contact Assistant City Attorney Noreen Vincent at (213)978-7730 or Deputy City Attorney Miguel Dager at (213)978-7740. They or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By  For
DAVID MICHAELSON
Chief Assistant City Attorney

DM:NV:MD:vw
Transmittal

ORDINANCE NO. _____

An ordinance adding Chapter 168 to Division 5 of the Los Angeles Administrative Code to create the Metropolis 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 Metropolis Hotel Development.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Chapter 168 is added to Division 5 of the Los Angeles Administrative Code to read as follows:

**CHAPTER 168
METROPOLIS HOTEL PROJECT TRUST FUND**

Sec. 5.574. Creation and Administration of the Fund.

(a) There is hereby created and established in the Treasury of the City of Los Angeles a special fund to be known as the Metropolis Hotel Project Trust Fund (the Fund).

(b) The purpose of the Fund shall be for the receipt, retention and disbursement of all monies apportioned by the Mayor and City Council as hotel development incentive payments (the Incentive Payments) for the development of the Metropolis Hotel Project in accordance with the Hotel Development Incentive Agreement (the HDIA) entered into by and between the City and Greenland LA Metropolis Hotel Development, LLC as approved by the City Council on December 16, 2014, under Council File No.14-0029.

(c) The Fund shall be administered by the City Administrative Officer (the Fund Administrator).

(d) Monies shall be deposited into the Fund in accordance with the City's budgetary process on a not less than yearly basis in an amount sufficient to pay anticipated Incentive Payments as reported by the Fund Administrator.

(e) Expenditures from the Fund shall be made by the Fund Administrator solely to fund Incentive Payments due under the HDIA and reasonable expenses in accordance with, and subject to the terms and conditions of the HDIA.

(f) The Economic and Workforce Development Department shall maintain records, issue reports, schedule public hearings and perform any other activity required under California Government Code Section 53083.

(g) All interest and earnings attributable to the monies in the Fund or any account in the Fund shall be credited to the Fund and shall be devoted to the purpose of the Fund.

(h) At the close of each fiscal year, monies not expended from the Fund shall remain in the Fund and shall not revert to the Reserve Fund in accordance with Charter Section 344.

(i) The provisions of this ordinance shall be repealed, and this Chapter shall be of no force and effect upon the earliest of (i) the expiration of the term of the HDIA; (ii) full payment of the Incentive Payments; (iii) the termination of the HDIA; (iv) the termination of the City's obligations to utilize the Fund as the source of the Incentive Payments, as reported by the Fund Administrator; or (v) December 31, 2031.

Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting on _____.

HOLLY L. WOLCOTT, City Clerk


By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By 
MIGUEL DAGER,
Deputy City Attorney

Date 2/10/15

File No. _____