

APPROVED
JUN 06 2018

BOARD REPORT

BOARD OF RECREATION
AND PARK COMMISSIONERS

NO. 18-112

DATE June 6, 2018

C.D. 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: PAN PACIFIC PARK – AMENDMENT NO. 2 TO THE LEASE AGREEMENT NO. 278 BETWEEN THE LOS ANGELES MUSEUM OF THE HOLOCAUST AND THE CITY OF LOS ANGELES; CONSIDERATION OF CALIFORNIA PUBLIC RESOURCES CODE (PRC) SECTION 21065 [“PROJECT”] AND OF CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) GUIDELINES TITLE 14, SECTION 15378(b)(2) AND (5) [DEFINITION OF “PROJECT”]

for	AP Diaz	<u>DF</u>	V. Israel	_____
	*R. Barajas	_____	S. Piña-Cortez	_____
	H. Fujita	_____	N. Williams	_____

General Manager

Approved X Disapproved _____ Withdrawn _____

RECOMMENDATION

1. Approve a proposed Amendment No. 2 to the Lease Agreement No. 278 (Lease Agreement), substantially in the form on file in the Board of Recreation and Park Commissioners' (Board) Office, between the Los Angeles Museum of the Holocaust and the City of Los Angeles (City) for the use of a portion of the City's Pan Pacific Park for the operation and maintenance of the Holocaust Museum, subject to the approval of the City Council and the approval of the City Attorney as to form;
2. Direct the Board Secretary to transmit the proposed Amendment No 2 to the City Attorney for review and approval as to form;
3. Authorize the Board President and Secretary to execute the proposed Amendment No. 2 upon receipt of the necessary approvals; and,
4. Find that the proposed project does not constitute a "Project" subject to CEQA in accordance with Section 15378(b)(2) and (5) of the State CEQA guidelines.

SUMMARY

On May 16, 2007, the Board of Recreation and Park Commissioners (Board), Report No. 07-111, approved the relocation of the Los Angeles Museum of the Holocaust (Museum) to a portion of Pan Pacific Park. By the same action, the Board also approved a 50-year Lease Agreement for the use of a portion of Pan Pacific Park for the construction and

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operation of the Museum building at the Museum's sole cost. Construction was completed in late 2010.

On May 4, 2011, the Board, Report No. 11-420, approved Amendment No. 1 that modified Section 5.2.1 - Hours of Operations - to allow the Museum to operate on Saturdays and Sundays and Section 19.2 - Notices – Where Sent - that updated the mailing addresses for the Museum and the City.

In March 2017, the City was informed that the Museum was in the process of refinancing its loans through Wells Fargo Bank. As part of the refinancing, the Museum intended to encumber its leasehold interest in the remaining term of the 50-year Lease Agreement, which the City executed in 2007. The bank was to record a leasehold deed of trust to secure a new loan to consolidate the Museum's existing loans for the purpose of funding the Museum's operations. The City did not object to this proposal as no deed of trust or liens of any kind could be recorded against or otherwise encumber the fee interest in the land owned by the City. In the event that the Museum were to default on its loan, the bank would replace the Museum as the tenant. The City's position on this matter was memorialized in an April 5, 2017 letter mailed to the Museum.

In March 2018, the City was informed that Title Company involved in the processing of the loan requested that changes be also made to the Lease Agreement. The proposed changes involved changing Section 13.7 Mortgages; Mechanic's And Materialmen's Liens and adding Section 17.3 Right to Encumber; Mortgagee Protection. With the assistance of the City Attorney, these proposed changes were reviewed and are now recommended for approval as presented. This proposed language mirrors similar language that the Board previously approved in authorizing the HOLA lease agreement at Lafayette Park in 2017.

ENVIRONMENTAL IMPACT STATEMENT

California Public Resources Code (PRC) § 21065 defines a "Project" subject to the California Environmental Quality Act (CEQA) as an activity which may cause a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Section 15378(b)(2) of CEQA Guidelines states that a project does not include continuing, administrative or maintenance activities. In addition, Section 15378(b)(5) of CEQA Guidelines states that a project does not include organizational or administrative activities that will not result in direct or indirect physical changes in the environment. Therefore, Staff recommends that the Board find that the Lease Agreement between the Los Angeles Museum of the Holocaust and the City of Los Angeles consists of an administrative and organizational activity that will not result in direct or indirect physical changes to the environment, and thus is not a project subject to CEQA.

FISCAL IMPACT

There is no fiscal impact to the Department of Recreation and Parks' General Fund as a result from the approval of the proposed Amendment No. 2.

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This Report prepared by Cid Macaraeg, Sr. Management Analyst II, Real Estate and Asset Management.

LIST OF ATTACHMENT

Amendment No. 2 to Lease Agreement No. 278