

LOS ANGELES CONVENTION AND EXHIBITION CENTER AUTHORITY

Meeting
Wednesday
September 10, 2014
10:30 a.m.
Los Angeles Convention Center

COMMISSIONERS PRESENT

Susan Rodriguez, President
Martin Cooper
David Cunningham
Peter Gravett
Dennis Hernandez
J. Richard Leyner
Courtney Reum
Jason Seward
Cheryl Turner

COMMISSIONERS ABSENT

Wayne Avrashow
Shahiedah S. Coates
Robert Mallicoat
Sylvia Robledo
Majib Siddique

DEPARTMENT STAFF & GUESTS PRESENT

Tom Fields, Assistant General Manager & Chief Operating Officer
Marla Bleavins, Assistant General Manager – Finance and Administration
Glyn Milburn, Business Team Representative – Office of the Mayor
Diana Mangioglu, Sr. Administrative Analyst II – Office of the City Administrative Officer
Barbara Kirklighter, Vice President, Revenue Strategy –
Los Angeles Tourism & Convention Board
Cristine Villorante, Executive Administrative Assistant

Item 1. Call to Order – President Rodriguez called the meeting to order at 10:37 a.m.

Item 2. Public Comment – There was no public comment.

Item 3. Approval of the Meeting Minutes – Commissioner Cunningham moved to approve the Authority Commission meeting minutes from June 11, 2014. Commissioner Gravett seconded the motion followed with yes votes from all Commissioners present.

Vote

Yes: Pres. Rodriguez, Commissioners Cooper, Cunningham, Gravett, Hernandez, Leyner, Reum, Seward, and Turner

No: None

Item 4. President's Comments – President Rodriguez welcomed and thanked the Commissioners for their participation. President Rodriguez provided background information on the Authority Commission's meeting time which has been discussed and moved between 10:30a.m. and 12:00 p.m. in the last few years. There is nothing in the Joint Powers Agreement addressing meeting frequency, so there is flexibility with the meeting schedule.

President Rodriguez informed the Authority Commission that a Brown Act fact sheet on teleconferencing has been enclosed in today's meeting packet and referred any questions on the subject to Ms. Terry Martin Brown, Assistant City Attorney.

Item 5. Executive Director Report

A. Overview of Plan A – New Hall and Farmer's Field/Event Center

Ms. Marla Bleavins presented and overview of Plan A and highlighted the following:

Plan A

- In February 2011 AEG submitted a formal proposal to the City to build an Event Center stadium on the site of the West Hall. In replacement of the West Hall, a New Hall would be built adjacent to the South Hall, above Pico Boulevard.
- In April 2011, in response to AEG's proposal, the City Council adopted broad principals to guide the negotiations with AEG.
- In August 2011, the City Council approved a Memorandum of Understanding (MOU) with AEG which further defined the business terms for the project.
- In September 2012, the City Council approved the Implementation Agreement, Easement Agreement, development of the GAAP Funding Agreement, Parking Agreement, Signage Agreement, and Security Agreement.

Plan B

- In March 2013, in the event that an NFL team did not come to fruition, the City Council instructed the offices of the City Administrative Officer and the Chief Legislative Analyst to evaluate alternative options (Plan B) for the expansion of the Los Angeles Convention Center (LACC) and to work with the Urban Land Institute (ULI), a non-profit research organization that deals with land use and real estate development issues.
- In September 2013, ULI released a report which provided guidelines and recommendations for features that should be included in an alternative project.

- In December 2013, the City Council authorized the Bureau of Engineering (BOE) to develop a Task Order Solicitation (TOS) to select an architectural firm to develop alternative concepts for the expansion of the LACC.
- In May 2014, the City Council authorized BOE to release the TOS and authorized funding for the design competition.
- In September 2014, the City will evaluate proposals from the architectural firms in the TOS process.
- On October 18, 2014, AEG's contract with the City to sign an NFL team will expire.

Ms. Diana Mangioglou reported on the business deal for Plan A and highlighted the following:

- In 2011, the City was struggling through the recession, had a structural deficit that would be estimated at \$1 billion by FY13-14. Although the thought of an NFL stadium project was exciting, the City had concerns about the unknown financial impact.
- AEG presented a proposal that would not impact the existing levels of General Fund revenue, but rather the net incremental revenue that the City would've generated from the project to finance the cost. The Event Center would have been fully paid for through private sources.
- The City adopted the following negotiated principals which were incorporated into the MOU (non-binding document):
 - Protect the City's General Fund
 - Private funds used to build the stadium
 - No public subsidy would go into building the stadium
- Deal Points:
 - AEG would pay fair market value rent for the property in which the stadium would be built, with a 55 year ground lease
 - AEG would secure a signed NFL team contract
 - AEG would secure the Event Center financing (fully subsidizing the cost of the stadium)
 - Relative to the New Hall, the City asked that the West Hall be replaced with a building comparable in size with improved functionality
 - New Hall to be built with \$358 - \$468 million in tax exempt bonds
 - GAP Funding Agreement would be in place to pay for debt service with AEG making up for difference

- Financing (tax exempt):
 - Lease Revenue Bonds in the amount of \$287 - \$358 million paid for by the ground lease payment that AEG would have paid on the stadium, the parking ground lease payment for Cherry Street and Bond Street parking lots, and possessory interest through parking and annual revenue streams
 - Mello Roos Bonds in the amount of \$93.4 - \$109.7 million, secured by a property owned by AEG and paid for by a special tax that AEG would have paid
- Guarantee:
 - \$50 million letter of credit (first four years) and completion guarantee of stadium and parking garages
 - \$28 million letter of credit (next three years)
 - \$5 million letter of credit (remainder of 30-year bond term)
 - Signed NFL Team Lease Agreement

Mr. Tom Fields gave brief presentation and highlighted the following:

- Plan A would build a stadium where West Hall is currently located and require replacement exhibit and meeting room space across Pico Boulevard
- Stadium/Event Center, when not used by AEG, can be used as supplemental exhibit and meeting space for the LACC. The Event Center would add:
 - Approximately 140,000 sq. ft. of exhibit space on the stadium floor
 - Approximately 80,000 sq. ft. of meeting space
- Pico Boulevard would be the new entrance to the LACC
 - Entrance and lobby can be used as a pre-function area
 - Pico Boulevard (AKA Pico Passage) would have LED lighting features that can be customized for the client
 - Revitalize Pico/Union portal leading to LACC by adding art
- Build a 47,000 sq. ft. ballroom
- Expand the food court
- Gilbert Lindsay Plaza will be used a multi-purpose space, expanding the open space, garden area, and café to anchor the corner
- Signage options will be available

B. Overview of Plan B – Alternative Development Proposals

Mr. Tom Fields presented a brief presentation and highlighted the following:

- Add more meeting rooms and contiguous space
- Add an on-site hotel
- Design Competition
 - The competition has narrowed down to three architectural firms (AC Martin/LMN, Gensler/Lehrer, and HMC/Populous
 - Shortly after the expiration of AEG's contract, the competition will start

C. Administrative Issues

- Ms. Bleavins offered the Authority Commission alternative ways of receiving meeting materials (electronically or hard copy) and was instructed to provide both.
- The Department Commission would like to invite the Authority Commission to join them in a Joint Commission meeting on October 15 where presentations will be provided by Metro and the Los Angeles World Airports. Authority Commission decided to cancel their regular meeting on October 8 and attend a Joint Commission meeting on October 15.

Item 6. Proposed Future Monthly Meeting Schedule

Commissioner Turner moved to change the meeting time to 12:00 p.m. PST, seconded by Commissioner Seward, but with only two yes votes, the motion did not carry.

Vote

Yes: Commissioners Seward and Turner

No: Pres. Rodriguez, Commissioners Cooper, Gravett, Hernandez, Leyner, and Reum

Commissioner Turner moved to change the meeting time to 10:30 a.m. PST, seconded by Pres. Rodriguez, with the Commissioners voting yes, the motion carried.

Vote

Yes: Pres. Rodriguez, Commissioners Cooper, Gravett, Hernandez, Leyner, Reum, Seward, and Turner

No: None

Note: Commissioner Cunningham departed at 11:30 a.m. and therefore was not present to vote.

Item 7. Adjournment

The meeting adjourned at 12:16 p.m.