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Executive Director

November 26, 2024

Honorable Members of the
City Council of the
City of Los Angeles

CD No. 15

Attention: Heleen Ramirez, City Clerk's Office

Subject: RESOLUTION NO. 24-10472: APPROVE THE SEVENTH AMENDMENT AND CONSENT TO AN ASSIGNMENT FOR SECURITY PURPOSES TO OCEANVIEW COMMERCIAL MORTGAGE FINANCE, LLC AS A LEASEHOLD MORTGAGEE FOR LEASE NO. 915 WITH SAN PEDRO PUBLIC MARKET, LLC

Pursuant to Section 607 of the City Charter, enclosed for your approval is Resolution No. 24-10472 for the proposed Seventh Amendment to Lease No. 915 and consent to an assignment for security purposes to a leasehold mortgagee (Consent) for Lease No. 915 between the City of Los Angeles Harbor Department (Harbor Department) and San Pedro Public Market LLC (SPPM). The leasehold mortgage proposed for Consent is between SPPM and Oceanview Commercial Mortgage Finance, LLC (Oceanview). The Lease is a 66-year agreement with SPPM for the West Harbor development sited on approximately 40 acres in the area formerly known as Ports O' Call in San Pedro. SPPM is required to secure financing as part of its obligations under the Lease. SPPM closed financing in November 2022 and project construction commenced in the first quarter of 2023. In November 2022, SPPM secured \$90M in third-party financing for the construction of buildings 1A and 1B, as well as the southern open space from two lenders: Petros PACE Finance (\$55M) and Parkview Financial REIT (Parkview) (\$35M). SPPM now intends to raise a total of \$26.5 million in new debt to finance additional phases of their project. Their proposed capital raise will include refinancing their current senior construction loan with Parkview including increasing the loan amount by up to \$26.5 million and up to \$61.5 million in a new senior construction loan with Oceanview.

The proposed Consent to transfer to Oceanview as a leasehold mortgagee is not anticipated to have a financial impact on the Harbor Department. There is no impact to the General Fund.

RECOMMENDATION FOR CITY COUNCIL:

1. ADOPT the determination by the Board of Harbor Commissioners that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines; and;
2. APPROVE POLA Resolution No. 24-10472 for the proposed Seventh Amendment to Lease No. 915 between the City of Los Angeles Harbor Department and San Pedro Public Market, LLC.

Respectfully Submitted,

AMBER M. KLESGES
Commission Secretary

cc: Trade, Travel & Tourism Committee
Councilwoman Park, Chair
Councilman McOsker
Councilman Soto-Martinez
Councilman De Leon
Councilman Price

Erick Martell, Mayor's Office
Stephanie Magnien Rockwell, Harbor Representative
Jennifer Sapone, CAO
Jacqueline Wagner, CAO
Jeanne Min, CD15
Anissa Raja, CD15

Councilwoman Park
Tristan Noack, CLA
Aksel Palacios, CD15
Kevin Brunke, CD11