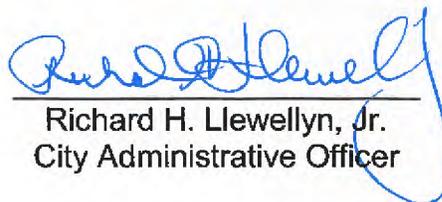


0220-04830-0009

TRANSMITTAL

TO Council	DATE 04-18-19	COUNCIL FILE NO. 05-0686-S1
FROM Municipal Facilities Committee		COUNCIL DISTRICT 14

At its Special Meeting on April 17, 2019, the Municipal Facilities Committee considered the attached report from the Department of General Services (GSD), concurred with the recommendations, and instructed staff to transmit to Council for approval. Council approval of the report recommendations would authorize GSD to negotiate and execute a supplemental ground lease agreement with Go For Broke National Education Center for the construction of an educational and interpretive center at the existing Go For Broke monument located on the south side of Temple Street between John Aiso Street and Alameda Street, Los Angeles 90012.


Richard H. Lewellyn, Jr.
City Administrative Officer

RHL:JWW/ay15190110
Attachment

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX NO. (213) 928-9515

April 17, 2019

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, CA 90012

Attention: Leyla Campos, Legislative Assistant

**REQUEST AUTHORIZATION TO NEGOTIATE
AND EXECUTE A SUPPLEMENTAL GROUND LEASE
AGREEMENT WITH GO FOR BROKE NATIONAL EDUCATION CENTER**

The Department of General Services (GSD) requests authorization to negotiate and execute a supplemental ground lease agreement with Go For Broke (GFB) National Education Center (GFB) for the construction of an educational and interpretive center at the existing Go For Broke monument honoring Japanese-American veterans of World War II.

BACKGROUND

On October 12, 2018 the City Council adopted a motion (C.F. 05-0686-S1) instructing GSD to negotiate and execute a new ground lease that reflects the current needs of GFB.

The subject property is an .858 acre triangular shaped site on a City-owned parking lot. The GFB monument was presented to the City on June 6, 1999 to honor Japanese-American war veterans who served in special units during World War II. On April 26, 2006 the City, as instructed by Council (C.F. 05-0686), executed a 50 year zero rent ground lease agreement with GFB to expand the Go For Broke monument by building an educational and interpretive center (Project) on site to provide educational programs to City residents.



The ground lease agreement required GFB to meet several development and construction performance milestones to ensure the completion of the Project. GFB was required to submit a development plan for the Project site to the City for approval within 24 months after the execution date (April 26, 2006), meet specified funding commitments within 24 and 36 months after the execution date, commence construction of the Project within 39 months following the execution date and substantially complete construction within 48 months after the execution date.

GFB reports they were unable to meet the lease agreement milestones due to financial difficulties associated with the 2008 recession. As a result, the lease agreement terminated on July 24, 2008. GFB remained in possession of the property as a holdover tenant on month-to-month tenancy and continues to operate the monument. GFB has requested the ground lease agreement be revived with new performance milestones.

Reviving the ground lease agreement through a supplemental ground lease agreement at this time will establish new dates for submission of GFB's development plan and other development requirements for the Project, allowing GFB to maintain site control which is critical to their fundraising efforts.

GFB advises they will propose an expanded scope of their project at a future date to incorporate other elements on site which will require City Council approval.

REVISED TERMS AND CONDITIONS

The term for the supplemental ground lease shall remain the same and terminate on the same date of April 25, 2056 as the original lease agreement.

The supplemental ground lease will incorporate terms and conditions of the original ground lease agreement, except as described below.

Section 5.1 Development of Premises

1. Section 5.1(a) of the original ground lease requires the Tenant, prior to the execution of the ground lease, to have completed and submitted to the City a three-year projection for the development of the Premises, including (1) goals and objectives and (2) a schedule of performance and budget, timelines, scope of project and development phases.

The amendment to Section 5.1(a) would require the Tenant to have completed and submitted to the City a three-year projection for development of the Premises including (1) goals and objectives and (2) schedule of performance and project budget, timelines, scope of project and development phases within 36 months "after" the Execution Date.

2. Section 5.1 (b) of the original ground lease requires the Tenant, within 24 months after the execution of the ground lease, to submit to City for approval a development plan ("Development Plan") for the development of the site, which is to include a final design and final construction documents, final phase schedule, schedule of performance and project budget, plans for a new building(s) on site, background research and survey, a list of consultants, compliance with all environmental requirements, including but not limited to the California Environmental Quality Act.

The amendment to Section 5.1(b) would require the Tenant to meet the same requirements within 36 months after the effective date of the ground lease amendment.

3. Section 5.1(h) of the original ground lease states that "should the complete approval of the Development Plan not be obtained or should any of the schedule deadlines be missed, this Lease shall terminate at the earlier of (a) four years after the lease execution date or (b) 90 days after the missed deadline or failure to obtain approval, without prejudice to the Tenant applying for an extension of the Lease, which shall be at the City's sole discretion".

The amendment to Section 5.1(h) would be amended as follows:

Tenant may seek an extension of any of the deadlines set forth in this Section 5.1 and/or the schedule of Performance by written request to City at least (60) days prior to the deadline date; City may approve or deny such request in its reasonable discretion. Any extension of the deadline approved by the City shall be set forth in an amendment to this Lease. Tenant's failure to obtain complete approval of the Development Plan or to meet any of the scheduled deadlines, or extension thereof, shall constitute a Failure to Perform under Section 8.1.1.

Section 8.1 Default, Cancellation and Termination

Section 8.1 and 8.1.6 of the original lease states:

8.1 Default. The occurrence of any of the following shall constitute a default by Tenant:

8.1.6 Failure to Complete Construction. Failure to complete construction as set forth in the schedule without City's prior written authorization.

The amendment deletes Section 8.1.6 from the list of items under 8.1 Default since a failure to complete construction of the Project is addressed in Section 3.3 of the original lease. Section 3.3. states, in part, that if within 39 months after execution date of the

lease, construction of the building has not commenced, the City may terminate the lease.

Section 9.2 Insurance

Section 9.2, entitled "Insurance" is amended to delete "occupancy of the Property", and replace with "Execution Date". All other provisions of the section shall remain the same.

FISCAL IMPACT

This is a zero rent lease and a reiteration of the current lease. Approval of the recommendations in the report is not anticipated to have any new impact on the General Fund.

RECOMMENDATION

That the Los Angeles City Council authorize the Department of General Services to negotiate and execute a supplemental ground lease agreement, containing the terms set forth herein and in the attached supplemental agreement, with Go For Broke Education Center at John Aiso and Temple Streets (0.858 acre triangular parcel), Los Angeles, California 90012.



Tony M. Royster
General Manager

Attachment

**SUPPLEMENTAL GROUND LEASE AGREEMENT
BETWEEN THE CITY OF LOS ANGELES AND
GO FOR BROKE NATIONAL EDUCATION CENTER**

Temple and Alameda Street, Los Angeles 90012

This Supplemental Ground Lease Agreement ("Supplemental Ground Lease") is made and entered into as of _____, 2019 (the "Execution Date") by and between the City of Los Angeles, a municipal corporation, as Landlord, and Go For Broke National Education Center, a California non-profit corporation, as Tenant.

RECITALS

A. Landlord and Tenant entered into the Ground Lease Agreement on April 26, 2006, for the property located on the south side of Temple Street between John Aiso Street and Alameda Street, Los Angeles 90012 ("Premises"), as legally described on the property legal description and identified on the plot plan which are attached as Exhibit A to the Ground Lease Agreement.

B. The Ground Lease Agreement was for a term of fifty (50) years, from April 26, 2006 to April 25, 2056, and required Tenant to meet various specified milestones for the construction of an educational and interpretive center honoring Japanese-American veterans of World War II ("Interpretive Center").

C. Tenant, due to the downturn in the economy and for various other reasons, was unable to meet the specified milestones and the Ground Lease Agreement terminated in 2008, but Tenant has remained in possession of the Premises pursuant to Section 3.5 of the Ground Lease Agreement in a month-to-month tenancy.

D. Tenant desires to revive the Ground Lease Agreement for the Premises for a fixed term with new milestones for the construction of the Interpretive Center, but with all other terms and conditions of the Ground Lease Agreement.

AGREEMENT

1. **Terms and Conditions.** The Ground Lease Agreement is attached hereto as Attachment No. 1 and incorporated herein by reference. The terms and conditions of the Ground Lease Agreement shall be the terms and conditions of this Supplemental Ground Lease, except as expressly modified herein. All references to "lease," "Ground Lease" and "Ground Lease Agreement" in the Ground Lease Agreement shall mean this Supplemental Ground Lease. For any inconsistency between the terms of this Supplemental Ground Lease and the Ground Lease Agreement, the terms of this Supplemental Ground Lease shall control.

2. **Term.** The term of this Supplemental Ground Lease Agreement shall commence on the Execution Date and terminate on April 25, 2056, unless terminated earlier under the provisions of this Supplemental Lease Agreement, including, but not limited to, early termination under Sections 3.3, 3.4, 8.2.1 or 9.2.5 of the Ground Lease Agreement. Section 3.1 of the Ground Lease Agreement, entitled "Term," is hereby deleted.

3. **Amendments to Ground Lease Agreement Terms and Conditions.** The following provisions of the Ground Lease Agreement shall be amended as follows:

(a) Section 5.1(a) is hereby amended to read as follows:

Within thirty-six (36) months after the Execution Date, Tenant shall have completed and submitted to City a three (3) year projection for the development of the Premises, including (1) goals and objectives and (2) schedule of performance and project budget, timelines, scope of project and development phases.

(b) Section 5.1(b) is hereby amended to read as follows:

Within thirty-six (36) months after the Execution Date, Tenant shall have submitted to City for approval a development plan ("Development Plan") for the development of the site, which will include a final design and final construction documents, final phase schedule, schedule of performance, and project budget, plans for a new building on the site, background research and surveys, a list of consultants, compliance with all environmental requirements, including but not limited to the California Environmental Quality Act. The total project budget will be, at a minimum, Eight Million Seven Hundred and Sixty Thousand Dollars (\$8,760,000.00) and the timelines will not exceed those set by this Section 5.1.

(c) Section 5.1(h) is hereby amended to read as follows:

Tenant may seek an extension of any of the deadlines set forth in this Section 5.1 and/or the Schedule of Performance by written request to City at least sixty (60) days prior to the deadline date. City may approve or deny any such request in its reasonable discretion. Any extension of a deadline approved by City shall be set forth in an amendment to this Lease. Tenant's failure to obtain complete approval of the Development Plan or to meet any of the scheduled deadlines, or extension thereof, shall constitute a Failure to Perform under Section 8.1.1, below.

(d) Section 8.1.6 is hereby deleted and of no further force or effect.

(e) Section 9.2, entitled "Insurance," is amended to delete "occupancy of the Property," and replace it with "Execution Date." All other provisions of the section shall remain the same.

4) **Termination of Ground Lease Agreement.** As of the Execution Date, Tenant's tenancy under Section 3.5 of the Ground Lease Agreement shall terminate and the terms and conditions of the Ground Lease Agreement shall be revived, except as provided herein, as the terms and conditions of this Supplemental Ground Lease.

5) **Counterparts.** This Supplemental Ground Lease may be executed in counterparts, each of which shall be deemed to be an original, and all such counterparts shall *constitute* one document.

6) **Entire Agreement.** This Supplemental Ground Lease contains all of the agreements of Landlord and Tenant with regard to the matters and transactions contemplated hereby and supersedes all prior agreements, understandings and negotiations, whether written or oral.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the City of Los Angeles, a municipal corporation, acting by and through its Department of General Services, Landlord herein, and Go For Broke National Education Center, a California nonprofit corporation, Tenant herein, have caused this Supplemental Ground Lease Agreement to be executed as of the date of the last signatory hereto. The last signatory shall cause such date to be entered in the space provided in the first paragraph of this Supplemental Ground Lease Agreement if that space is blank, although such date shall be deemed to be the execution date of this Supplemental Ground Lease Agreement in any case.

APPROVED AS TO FROM:
MICHAEL N. FEUER, City Attorney

LANDLORD:
City of Los Angeles, a municipal corporation, acting by and through its Department of General Services

By: _____
Curtis S. Kidder
Assistant City Attorney

By: _____
Tony Royster
General Manager
Department General Manager

Date: _____

Date: _____

ATTEST:

HOLLY L. WOLCOTT, City Clerk

TENANT:
GO FOR BROKE NATIONAL
EDUCATION CENTER, a California
nonprofit corporation

By: _____
Deputy

By: _____
Mitchell T. Maki, Ph.D
President and Chief Executive
Officer

Date: _____

Executed at _____, California

Date: _____

By: _____

Executed at _____, California

Date: _____