

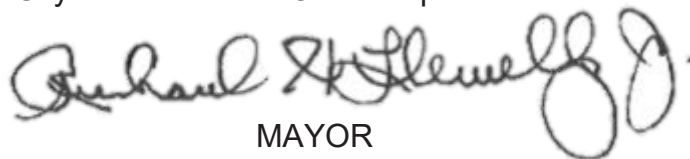
0220-05291-1007

TRANSMITTAL

TO The Council	DATE 08/31/21	COUNCIL FILE NO. 18-0532
FROM The Mayor	COUNCIL DISTRICT All	

Amendment No. 4 to Contract No. C-123199 with AEG Management LACC, LLC for the management and operation of the Los Angeles Convention Center

Transmitted for your consideration. See the
City Administrative Officer report attached.



MAYOR

(Rich Llewellyn for)

MWS:DMP:09220034t

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)


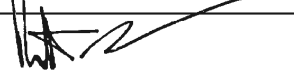
To: The Mayor	Date: 08-17-21	C.D. No. All	CAO File No.: 0220-05291-1007
Contracting Department/Bureau: Convention and Tourism Development		Contact: Tigran Avetisyan (213) 765-4244	
Reference: Transmittal from the Mayor's Office dated April 5, 2021			
Purpose of Contract: For the management and operation of the Los Angeles Convention Center			
Type of Contract: () New contract (X) Amendment, Contract No. C-123199		Contract Term Dates: 10/29/21 through 1/4/23	
Contract/Amendment Amount: Annual base Management fee of \$175,000 + Incentive Fees up to \$175,000 (CPI adjusted)			
Proposed amount \$ 603,667 + Prior award(s) \$ 2,801,689 = Total \$ 3,405,356			
Source of funds: Convention Center Revenue Fund No. 725			
Name of Contractor: AEG Management LACC, LLC			
Address: 800 W. Olympic Blvd., Suite 305, Los Angeles, CA 90015			
	Yes	No	N/A
1. Council has approved the purpose	X		
2. Appropriated funds are available	X		
3. Charter Section 1022 findings completed			X
4. Proposals have been requested			X
5. Risk Management review completed	X		
6. Standard Provisions for City Contracts included	X		
7. Workforce that resides in the City: 49.6%			
Contractor has complied with:		Yes	No
8. Business Inclusion Program			X
9. Equal Benefits & First Source Hiring Ordinances		X	
10. Contractor Responsibility Ordinance		X	
11. Disclosure Ordinances		X	
12. Bidder Certification CEC Form 50		X	
13. Prohibited Contributors (Bidders) CEC Form 55		X	
14. California Iran Contracting Act of 2010		X	

RECOMMENDATION

That the Council, subject to the approval of the Mayor, authorize the Executive Director of the Department of Convention and Tourism Development, or designee, to execute Amendment No. 4 to Contract No. C-123199 with AEG Management LACC, LLC for the management and operation of the Los Angeles Convention Center, extending the term of the amended agreement from October 29, 2021 through January 4, 2023.

SUMMARY

The Department of Convention and Tourism Development (CTD) requests authority to execute Amendment No. 4 to Contract No. C-123199 (the Agreement) between the City of Los Angeles and AEG Management LACC, LLC (AEG Management) for the management and operation of the Los Angeles Convention Center (LACC). The proposed amendment will extend the term of the Agreement from October 29, 2021 through January 4, 2023. All other terms and conditions of the Agreement remain unchanged.

 Derik Pearson		 City Administrative Officer
DMP	Analyst	0220-05291-1007

BACKGROUND

The City released a Request for Proposals (RFP) for the management and operation of the LACC on April 25, 2013. The City Council subsequently approved the recommendation of AEG Management as the successful bidder on June 26, 2013 (C.F. 12-0692). The resulting Agreement between the City of Los Angeles and AEG Management was executed on October 29, 2013 with a term of five years, expiring on October 28, 2018.

On June 20, 2018, prior to expiration of the Agreement, the City Council approved a motion instructing City staff to explore and evaluate a proposal from the Anschutz Entertainment Group (AEG) to expand and modernize the LACC. The project is contemplated as a public-private partnership (P3) structured as a design-build-finance-operate-maintain (DBFOM) that would encompass long-term operations and maintenance of the LACC facility (C.F. 18-0532). This motion concurrently authorized CTD to extend the term of the Agreement for one year, with two additional one-year extensions subject to Council approval, while the City considered the future development plan of the LACC. Amendment No. 1 to the Agreement was executed on September 25, 2018, extending the term of the Agreement one year to October 28, 2019.

On December 12, 2018, the City Council approved a series of recommendations to enter into an Exclusive Negotiating Agreement (ENA) with AEG to proceed with negotiating a development plan for the LACC expansion project, with a term ending on January 9, 2021 (C.F. 15-1207-S1). Since the execution of the ENA, the City and AEG Management have executed two additional amendments to the Agreement to extend its term through October 29, 2021, to ensure continuity of operations of the LACC while the City continues to explore a P3 LACC expansion project.

On November 24, 2020, the City Council authorized extending the ENA for a period of one year, from January 10, 2021 to January 9, 2022, with two optional 180-day extensions. The proposed Amendment No. 4 would extend the term of the Agreement to January 4, 2023 to align with the expiration of the extended ENA while the City continues to consider the future development and operations of the LACC. Should the City finalize an agreement to expand and operate the LACC prior to the expiration of this Amendment, the amended Agreement allows for early termination at the City's discretion, subject to a 30-day notice.

The City Attorney has reviewed and approved this amendment as to form.

FISCAL IMPACT STATEMENT

There is no General Fund impact as a result of this amendment. The management fees paid to AEG Management LACC, LLC will be paid from revenues derived from the operation of Los Angeles Convention Center and paid from the Convention Center Revenue Fund No. 725.

FINANCIAL POLICIES STATEMENT

The action recommended in this report complies with the City's Financial Policies in that ongoing expenditures will be funded by ongoing revenues.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: March 24, 2021

TO: The Honorable Eric Garcetti, Mayor
Office of the Mayor

Attention: Heleen Ramirez, Legislative Coordinator

FROM: Doane Liu, Executive Director
Department of Convention and Tourism Development

SUBJECT: **AUTHORIZATION TO EXECUTE AN AMENDMENT TO CONTRACT
NUMBER C-123199 WITH AEG MANAGEMENT LACC, LLC FOR
MANAGEMENT AND OPERATION OF THE LOS ANGELES
CONVENTION CENTER**

SUMMARY

The Los Angeles Department of Convention and Tourism Development (CTD) requests authority to execute Amendment 4 (attached) to Management and Operation Agreement No. C-123199 (Management Agreement and Amendments 1, 2 and 3 are attached) with AEG Management LACC, LLC (AEG-LACC) for management and operation of the Los Angeles Convention Center (LACC). The Board of Los Angeles Convention and Tourism Development Commissioners approved this Amendment at its Board meeting on March 3, 2021.

On June 20, 2018, the City Council authorized CTD to execute three one-year extensions to the Management Agreement for operating and managing the LACC. This proposal to amend the Management Agreement was considered as part of a motion introduced by Councilmember Curren Price, Council File No. 18-0532 (Attachment), which also instructed City staff to evaluate the LACC expansion project proposed by Anschutz Entertainment Group (AEG). CTD and AEG-LACC executed the third and final one-year extension in October 2020.

On November 24, 2020, City Council authorized the Chief Legislative Analyst (CLA), with the assistance of the City Attorney (Council File No. 15-1207-S1), to negotiate and execute an extension to the Exclusive Negotiating Agreement (ENA) with AEG Plenary Convention Los Angeles, LLC (APCLA) for the expansion of the LACC for a period of one year, from January 10, 2021 to January 9, 2022, with two optional mutual extensions of 180 days each (Attachment).

CTD proposes an amendment to the Management Agreement extending the term through January 4, 2023, making it coterminous with the ENA. CTD also proposes to add a provision that the Management Agreement may be terminated when the overarching public-private partnership agreement to expand, modernize, operate and maintain the LACC is executed. No other material changes are considered at this time.

RECOMMENDATIONS

1. That the Mayor and City Council authorize the CTD Executive Director to execute Amendment 4 to the Management Agreement with AEG-LACC for management and operation of the LACC, extending the term through January 4, 2023.

BACKGROUND

The City of Los Angeles (City) released a Request for Proposals (RFP) for management and operation of the LACC on April 25, 2013, and on June 26, 2013, the City Council approved the recommendation of AEG-LACC as the successful bidder to manage and operate the LACC (Council File No. 12-0692). The Agreement was executed on October 29, 2013, with a term of five years. On June 20, 2018, the City Council authorized CTD to execute three one-year extensions to the Management Agreement for operating and managing the LACC. CTD and AEG-LACC executed the third and final one-year extension in October 2020.

On November 24, 2020, City Council authorized the Chief Legislative Analyst (CLA), with the assistance of the City Attorney (Council File No. 15-1207-S1), to negotiate and execute an extension to the Exclusive Negotiating Agreement (ENA) with AEG Plenary Convention Los Angeles, LLC (APCLA) for the expansion of the LACC for a period of one year, from January 10, 2021 to January 9, 2022, with two optional mutual extensions of 180 days each (Attachment).

AEG-LACC is in compliance with City contracting requirements, and Amendment 4 has been reviewed and approved as to form by the City Attorney. This extension will allow for the continuity of services while minimizing the loss of potential revenue while discussions continue under the ENA.

FISCAL IMPACT STATEMENT

The source of funds for this agreement is the Convention Center Revenue Fund (Fund 725), and may potentially have a negative impact on the City's General Fund. Following the Safer at Home orders that were issued in March 2020 in response to the novel coronavirus (COVID-19) pandemic, LACC's clients cancelled or postponed events during the Fiscal Years 2019-20 and 2020-21, and as of the time of this letter, the LACC is only permitted to rent space to filming clients as all other convention center activity is not permitted under Los Angeles County's or the State's pandemic guidelines. CTD will work with AEG-LACC throughout Fiscal Year 2021-22 and reevaluate the revenue projections periodically, as much remains unpredictable due to COVID-19.

DL:ta
Exec. Ref: 21-022

Attachment: Draft Amendment 4

The Hon. Eric Garcetti

Page 3 of 3

March 24, 2021

Amendment 3

Amendment 2

Amendment 1

Agreement No. C-123199

Contract Compliance Documents

cc: William Chun, Deputy Mayor of Economic Development
Kimberly Miera, Deputy City Attorney
Derik Pearson, Office of the City Administrative Officer

**MANAGEMENT AND OPERATION AGREEMENT
BETWEEN THE
CITY OF LOS ANGELES
AND AEG MANAGEMENT LACC, LLC**

AMENDMENT NUMBER 4 TO AGREEMENT NO. C-123199

This AMENDMENT is hereby entered into, commencing upon its execution (the “Amendment No. 4”), by and between the City of Los Angeles (“City”), a municipal corporation, acting by and through its Department of Convention and Tourism Development, (formerly known as the Los Angeles Convention Center Department) and hereinafter referred to as “CTD”, and AEG Management LACC, LLC, a Delaware limited liability company, hereinafter referred to as “AEG”, and is hereby incorporated into and made a part of the Management and Operation Agreement No. C-123199 (hereinafter “Agreement”).

RECITALS

- A. The City and AEG entered into the Agreement, under which AEG agreed to provide certain management and operation services for the Los Angeles Convention Center facility;
- B. CTD and AEG wish to extend the Term, referenced in Section 3.2 of the Agreement on the same terms and conditions set forth in the Agreement, except as otherwise provided for in this Amendment;
- C. The CITY requires the continued, uninterrupted management and operation of the Los Angeles Convention Center;
- D. CTD has been satisfied with the management and operation of the Los Angeles Convention Center rendered by AEG during the term of the Agreement; and,
- E. On June 20, 2018, the City Council authorized CTD to extend the Agreement for one additional year, including two, additional one-year term (Council File No. 18-0532). CTD and AEG executed Amendment No 1 on Sept. 25, 2018 extending the Term of the Agreement for one year, then Amendment No 2 on Oct. 28, 2019 extending the Term of the Agreement for another year, and Amendment 3 was executed on October 28, 2020 extending the Term through October 28, 2021.

NOW THEREFORE, in consideration of the premises, covenants, and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby amend the Agreement as follows:

1. Section 3.2, entitled “Term” is hereby amended to read in full as follows:

The term of this Agreement, and AEG’s services under this Agreement, shall commence on October 29, 2021 and end on January 4, 2023, unless earlier terminated pursuant to the provisions of this Agreement (“Term”). The City may, in its discretion, terminate this agreement with a 30-day notice when the

overarching public-private partnership agreement to expand, modernize, operate and maintain the Los Angeles Convention Center is executed.

Upon the expiration of the Term of the Agreement, City retains the right to extend (hold over) AEG, as needed, on a month-to-month basis under the same terms and conditions. AEG will be notified thirty (30) days prior to the Agreement expiration date of the need to hold the contract over. AEG will be given thirty (30) days advance notice of the termination of the contract during the hold over period. Notwithstanding the foregoing, if the Agreement is extended on a month-to-month basis, AEG may in its discretion terminate the agreement by giving the City no less than ninety days prior notice of such termination.

All other terms and conditions contained in the Agreement No. C-123199 remain in full force and effect.

**** END OF AGREEMENT ****

IN WITNESS WHEREOF, City has caused this Amendment to be executed on its behalf by the Executive Director of the CTD and AEG has caused the same to be executed by its duly authorized officers on the date indicated.

Approved as to Form
Michael N. Feuer
City Attorney

City of Los Angeles Department of
Convention and Tourism Development

By _____
Kimberly Miera
Deputy City Attorney

By _____
Doane Liu
Executive Director

Date _____

Date _____

ATTEST:
Holly L. Wolcott, City Clerk

AEG Management LACC, LLC
Mark Rozells
Executive Vice President/CFO

Date _____

Date _____

By _____

By _____