

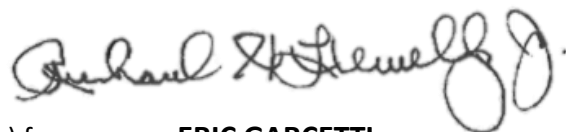
TRANSMITTAL

To: **THE COUNCIL**

Date: **10/21/21**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in black ink, appearing to read "Eric Garcetti". The signature is written in a cursive, flowing style.

(Rich Llewellyn) for

ERIC GARCETTI
Mayor

CITY OF LOS ANGELES

CALIFORNIA

CAROLYN M. HULL
GENERAL MANAGER



ERIC GARCETTI
MAYOR

**ECONOMIC AND
WORKFORCE
DEVELOPMENT
DEPARTMENT**

1200 W. 7TH STREET
LOS ANGELES, CA 90017

October 1, 2021

Council District Number: 10
Contact Persons & Phone Nos:
Daysi Hernandez (213) 744-9340
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The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall

Attention: Heleen Ramirez, Legislative Coordinator

TRANSMITTAL: REQUEST AUTHORITY TO APPROVE THE MEMBERSHIP INTEREST SALE OF THE MIDTOWN CROSSING PROJECT

The General Manager of the Economic and Workforce Development Department (EWDD) respectfully requests that your office review and approve this transmittal and forward to the City Council for further consideration.

SUMMARY

The Midtown Crossing Project, formerly Midtown Plaza, was approved by the Mayor and City Council for Section 108 funds for the development of a shopping center located at 4550 West Pico Blvd. (Project). MEPT Midtown Crossing LLC is requesting authorization from the City for the sale of membership interest of the Project. The proposed new member is BDPF Retail Holdco REIT LLC with a new Guarantor, BREIT Bingo Holdings LLC. . EWDD has reviewed the request and is recommending approval of the portfolio sale transfer.

RECOMMENDATIONS

The General Manager of EWDD respectfully requests that the City Council, subject to approval of the Mayor, as required:

1. APPROVE the membership interest sale to the new Member, BDPF Retail Holdco REIT LLC, and the new Guarantor, BREIT Bingo Holdings, LLC;
2. AUTHORIZE the General Manager of the Economic and Workforce Development Department, or designee, with the assistance of the City Attorney, to prepare

and execute any documents deemed necessary as a result of the City's approval of this transaction; and

3. AUTHORIZE the General Manager of the Economic and Workforce Development Department, or designee, to execute all necessary escrow or title related documents deemed necessary to facilitate the transaction.

FISCAL IMPACT STATEMENT

There will be no fiscal impact on the City General Fund.

PROJECT BACKGROUND AND CONCERNS

In 2004, the City Council and Mayor approved a Section 108 loan in the amount of \$8.8 million to develop the Project, using Site Specific Tax Revenue (SSTR) for repayment of the loan (Council File #01-0951). The Project, consisting of a shopping center with two anchor tenants and other retail/restaurant space, was successfully completed, has met all program requirements and is currently 99% occupied. The current owner of the Project, MEPT Midtown Crossing LLC, requested the City to review and approve the sale of 100% of its membership interest to a new Member, BDPF Retail Holdco REIT LLC, a Delaware limited liability company ("BDPF") and approve the new Guarantor, BREIT Bingo Holdings LLC, a Delaware limited liability company ("BREIT Bingo Holdings").

BDPF is a newly established subsidiary under the Blackstone Real Estate Income Trust ("BREIT"). BREIT is a private equity fund that invests in primarily stabilized commercial real estate properties. It maintains \$43.7 billion in total assets and owns 1,429 properties, of which there is 94% occupancy, 2% in retails, and with 3% located in the Los Angeles area. The membership sale is viewed as a core holding with a long-term ownership plan. BREIT's strategy is to maintain the excellent physical condition of the Project in order to uphold its position as a market leader in terms of quality, tenant mix and rental rates. The day-to-day operations at the project will be handled by the BREIT real estate team. The team is a highly regarded retail property manager and a highly experienced operator with expertise that is expected to maintain the quality of this project and have a positive impact on tenant relations. This will help maintain the current high occupancy, especially during the COVID-19 pandemic, which in turn will guarantee the City's tax revenues.

The new Guarantor, BREIT Bingo Holdings, is also a subsidiary under BREIT. The new Guarantor will guarantee any shortfall from the Site Specific Tax Revenues to the Section 108 loan repayment.

CONCLUSION

The Midtown Crossing Project, formerly Midtown Plaza, was funded through the Section 108 Loan Program for the development of a shopping center. MEPT Midtown Crossing LLC, the owner of the Project, is requesting City approval for the sale of membership interest to BDPF Retail Holdco REIT LLC with a new Guarantor, BREIT Bingo Holdings

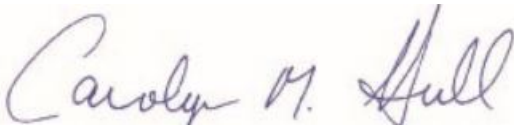
LLC., as part of the portfolio sale transfer.

To date, The Section 108 loan is repaid through SSTR generated by the Project and any shortfall has been paid through the Guaranty. The Project has met National Objective for elimination of slum/bight, and a Public Benefit of provision of goods and services.

EWDD has reviewed the request for the sale of membership interest of Midtown Crossing and is recommending approval of the portfolio sale transfer. The transaction is anticipated to close upon Council and Mayor's approval. All related amendments to City documents including, but not limited to, the Assignment and Assumption Agreement and other ancillary documents will be reviewed and approved by City Attorney for form and legality.

NECESSARY AND APPROPRIATE STATEMENT

The request is deemed appropriate under the federal assistance guidelines.



CAROLYN M. HULL
General Manager

CMH:FJ:DH:JL