

ECONOMIC DEVELOPMENT AND JOBS COMMITTEE REPORT relative to approval of membership interest sale for the Midtown Crossing Project.

Recommendations for Council action:

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, Economic and Workforce Development Department (EWDD), 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.

Fiscal Impact Statement: The EWDD reports that there will be no fiscal impact on the City General Fund.

Community Impact Statement: None submitted.

Summary:

On November 9, 2021, your Committee considered an October 10, 2021 EWDD report relative to approval of membership interest sale for the Midtown Crossing Project. According to the EWDD, the Midtown Crossing Project, formerly Midtown Plaza, was approved by Council for Section 108 funding for the development of a shopping center located at 4550 West Pico Boulevard (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.

The EWDD has reviewed the request and is recommending approval of the portfolio sale transfer. In 2004, 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 No. 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 percent occupied. The current owner of the Project, MEPT Midtown Crossing LLC, requested the City to review and approve the sale of 100 percent 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 9 percent occupancy, 2 percent in retails, and with 3 percent 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. After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the EWDD report, as detailed above. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Economic Development and Jobs Committee



COUNCILMEMBER	VOTE
PRICE:	YES
KREKORIAN:	YES
BLUMENFIELD:	YES
RAMAN:	YES
HARRIS-DAWSON:	YES

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