

MEMORANDUM

From: Office of Exposition Park Management

To: Exposition Park-wide Entities and Stakeholders

Re: Background and Documents for Board Consideration Concerning Los Angeles Football Club Stadium Project

Summary:

On behalf of the Sixth District Agricultural Association, the Board approved in September 2013 the replacement of the aging, underutilized Los Angeles Memorial Sports Arena with development options that included development of a Major League Soccer (MLS) Stadium on the site with a permanent seating capacity of approximately 22,000 seats and associated amenities. That stadium project was previously analyzed in an Environmental Impact Report (EIR) that was certified by the Los Angeles Memorial Coliseum Commission in February 2011. Following its certification of the Final EIR, the Coliseum Commission leased the Sports Arena property to the University of Southern California (USC) in July 2013, with permitted uses including those approved under the Final EIR. The Board's September 2013 approval involved entering into a Non-Disturbance Agreement that authorized USC to redevelop the Sports Arena property with a stadium project consistent with the project analyzed in the certified Final EIR.

The approval of the transactional agreements now being considered by the Board is the final step required to complete the transactional agreements necessary to transform the soccer stadium concept into a reality, and was necessitated by the need to modify property lines. USC and the Coliseum Commission have now entered into agreements to allow the new owner of an MLS soccer franchise, the Los Angeles Football Club (LAFC), to replace the existing Sports Arena with a new professional soccer stadium on an approximately 15-acre site within the southeastern portion of Exposition Park (Project Site) consistent with the approvals issued in 2013. In addition to its seating capacity of approximately 22,000 seats and associated amenities, the project will also include ancillary facilities not to exceed approximately 105,900 square feet of floor area that includes restaurants that will also serve Park visitors, as well as job-creating office and conference facility space, retail and a "World Football" museum. The Coliseum Commission also has certified an [Addendum to the prior Final EIR](#) to analyze the potential impacts of an updated stadium design and the addition of the ancillary facilities. The analysis incorporated over 100 mitigation measures and design features to protect other stakeholders from project impacts, and demonstrated that LAFC's project would not result in any new significant impacts compared to those evaluated and disclosed in the Final EIR certified by the Coliseum Commission, nor would it substantially increase the severity of previously identified significant impacts.

This project represents the first public-private partnership for a ground-up development at Exposition Park, allowing an immediate and approximately \$250 million investment of funds to revitalize the Sports Arena site and raise it to the standards set by the rest of the Exposition Park facilities. While other stakeholders in Exposition Park are related to government, non-profit and

academic entities that often rely on fundraising to complete Park improvements, the available capital that can be deployed by a new private partner such as LAFC will ensure that the benefits and improvements LAFC has committed to provide will be realized in an extremely short time-frame. At the direction of MLS, LAFC plans to have its stadium open by the start of the 2018 season in March 2018.

In addition, LAFC has conducted a significant amount of outreach to the community and stakeholders concerning the project. This outreach has included three community events with over 500 people in attendance, an open house / community workshop with over 150 attendees, and supporter events with over 750 people. Through this dialogue with the community, the Project has secured resolutions of support from both local Neighborhood Councils, has received over 150 supporter cards from the immediate community, and has over 10,000 individuals signed up in support of the Project.

More detail about the Project and its proposed public benefits, as well as the necessary agreements requested for approval by the Board, is set forth below.

I. Public Benefits

The project is proposed to reinvigorate the southeast corner of Exposition Park by replacing the Sports Arena with a modern, professional sports and entertainment venue, along with uses that will operate seven days a week to further activate the site, create additional permanent jobs, and complement existing uses within the Park. For example, the project's restaurant uses would help serve visitors to the park's other museums and attractions, while the project's conference facilities would provide space for additional meeting opportunities for Park stakeholders and other nearby organizations. The project's proposed "World Football" museum would also complement the existing museum uses in the Park. By locating these uses south of the existing museums, the project would create additional pedestrian activity and further promote use of the Park's existing open space areas. All of these project amenities would provide additional uses and destinations for Park patrons and area residents, and would spur economic activity in the neighborhood.

The project also will provide improvements to activate the pedestrian environment, including approximately 143,000 square feet of improved public open space around the stadium and ancillary facilities. Pedestrian walkways and plazas would encircle the stadium and feature a mix of hardscape and landscaped areas. Open space areas would also include a plaza located to the northwest of the stadium that would serve as an active public space and a gathering area for pre-game events at the stadium as well as at the Coliseum. New landscaping would also be provided along public streets and sidewalks, including along Figueroa Street.

The project has been designed with numerous sustainability features, including achieving water conservation standards, and would meet a minimum Silver LEED standard or equivalent. As the Board is aware, the project location is easily accessed by public transit, including Metro's Expo Light Rail Line (which was not operating at the time the District Board approved the Non-Disturbance Agreement with USC in September 2013), and several Metro bus lines. As discussed in the project's Addendum, transit accessibility will further reduce traffic generation on event days as compared to levels described in the previously certified Final EIR. In addition,

the Project is also committed to supporting the use of bicycles to further reduce trip generation, and will include more than 100 bicycle parking spaces that would be available daily, and an additional 330 spaces that would be managed via a bicycle valet service on event days. When developed, the project will provide the largest supply of available bicycle parking in Exposition Park.

The project represents a \$250 million private investment in Exposition Park. Over a 30-year period, the total economic output of the project's construction and operation is estimated to provide \$2.9 billion of economic impacts to the greater Los Angeles area. Construction is estimated to result in approximately 1,200 jobs and approximately \$274 million in economic output. Operation of the Project will generate approximately 1,800 jobs and approximately \$129 million in annual economic output.

L AFC has already committed to the Coliseum Commission that it will enact a Local Worker Hiring program, with a goal of creating jobs within the community by hiring local, unemployed individuals as part of the workforce, and will assist contractors in creating opportunity for disadvantaged and veteran candidates. L AFC has committed to a goal of 40% of total construction labor hours fulfilled from local workers. L AFC's general contractor is also in the process of entering into a Project Labor Agreement, and L AFC is committed to ensuring that this project is a union project. In addition, L AFC has committed to a minimum of 35% of minority and women run business enterprises during project construction and operations

Once the project is in operation, L AFC also plans to develop culinary and hospitality training programs utilizing and maximizing the stadium and ancillary facilities for training, apprenticeship, and long-term jobs. L AFC is exploring partnership opportunities with local vocational schools, such as LA Trade Tech, to help develop these programs. In addition, through the project's "World Football" museum, L AFC is planning to develop an education program targeting children and youth specifically in health/wellness education and STEM as it relates to soccer and sports. L AFC hopes to coordinate this program with other education programs provided by existing Exposition Park museums to provide a comprehensive, hands-on education module when youth and children visit Exposition Park.

Further, L AFC is working to establish a foundation (or similar corporate social responsibility program) with a focus on empowering, encouraging and enhancing the lives of children and youth in the greater Los Angeles area through health/wellness and sporting programs. L AFC is currently conducting a needs assessment to ensure that this program will be impactful, measurable, and sustainable in addition to enhancing and maximizing coordination with local non-profit organizations and government programs. This program is intended to be connected to the development of the L AFC youth soccer academy program.

II. Project Design

Consistent with the stadium project analyzed in the Coliseum Commission's certified Final EIR, the proposed L AFC stadium will have a permanent seating capacity of approximately 22,000 seats and associated amenities such as restrooms, concessions, press facilities, spectator viewing areas, luxury suites and club seating, and locker and dressing facilities.

In addition, the project will also include ancillary facilities to the stadium totaling approximately 105,900 square feet of floor area (119,000 gross square feet) that will consist of the following uses and floor areas: up to approximately 30,250 square feet of office and conference facility space, including no more than 21,250 square feet of office space; an approximately 36,000 square-foot “World Football” museum; up to approximately 27,750 square feet of team store or other retail space; and up to approximately 11,900 square feet of restaurant uses. The stadium will be capable of hosting MLS games, USC field events such as soccer games, open-air entertainment events such as concerts, civic gatherings, and other exhibitions. The total amount of development (stadium and ancillary uses) would not exceed approximately 641,000 gross square feet.

The proposed stadium would be oriented along a north-south axis and would be located within the eastern portion of the project site. Most of the seating areas within the open-air stadium would be covered by a cantilevered roof canopy, with the field placed approximately 20 feet below street level, as measured from the grade along Figueroa Street. The stadium would be a maximum of 115 feet in height, with the ancillary facilities reduced in height to 75 feet in the area on the site closest to the Coliseum.

The project will also include a signage and lighting program to support the stadium’s operations, which is consistent with signage programs for professional sports stadiums throughout the state. Signage types could include identification signs, temporary event signs, electronic digital displays, changeable message light-emitting diode (LED) boards, static signs, identification signs and retail/tenant identification signs, with both on-site and off-site signage allowed. Lighting for the project would include lighting of the stadium, including the field and associated amenities and ancillary uses (e.g., outdoor dining and seating areas, plazas, and walkways). In addition, the southwestern portion of the project site would be developed as a VIP parking lot with up to approximately 250 spaces.

III. Environmental Documentation and Approval Background

As summarized above, on February 2, 2011, the Coliseum Commission, serving as the Lead Agency under the California Environmental Quality Act (CEQA) certified a Final EIR that analyzed the demolition of the Sports Arena and the potential development of an MLS stadium on the site with a permanent seating capacity of approximately 22,000 seats and associated amenities (State Clearinghouse No. 2010041059). After the Final EIR was certified by the Coliseum Commission, the Coliseum Commission leased the Sports Arena to the University of Southern California (USC) in July 2013, with permitted uses including those approved under the Final EIR. On September 4, 2013, the District Board and USC entered into a Non-Disturbance Agreement that authorized USC to redevelop the Sports Arena with a stadium project consistent with the project analyzed in the certified Final EIR.

USC has now agreed to enter into a sublease with LAFC for development of the stadium project analyzed in the Final EIR, along with development of the ancillary facilities and other modifications described above. In accordance with CEQA Guidelines Section 15164, an [Addendum to the Final EIR](#) was prepared and released for public review on September 4, 2015, which demonstrated that LAFC’s modifications to the originally approved redevelopment project would not result in any new significant impacts compared to those evaluated and

disclosed in the Final EIR certified by the Coliseum Commission, nor would it substantially increase the severity of previously identified significant impacts.

The Addendum thoroughly analyzed all potential environmental impact areas. Technical experts in the areas of traffic, noise, and lighting (among many other areas) evaluated the proposed project, and detailed technical memoranda from these experts are provided as appendices to the Addendum. On event days, since the new stadium would have a similar number of attendees as historic attendance levels at the Sports Arena, the Addendum concluded that the project's event traffic would not result in new significant traffic impacts. On non-event days, the Addendum concluded that the project's ancillary facilities would not result in significant traffic impacts, and recognized that many of the expected patrons of the project's restaurants, retail and museum would be visitors who are already in Exposition Park using other facilities like the existing museums.

Protections from potential noise and lighting impacts are also included in the Addendum and the Mitigation Monitoring Program approved by the Coliseum Commission. The project would conform to all City of Los Angeles Code requirements for noise that may be audible from nearby uses, and includes substantial design features and mitigation measures to reduce construction and operational noise impacts. The Addendum also thoroughly analyzed lighting from stadium light sources and signage, and confirms that through compliance with described design features and mitigation measures, lighting and glare levels would be below the applicable thresholds of significance. Accordingly, there would be no adverse lighting impacts from project operations, including on nearby residential uses or other sensitive receptors.

The Addendum does identify that the LAFC project would have the same significant and unavoidable impacts that were identified in the Final EIR that was certified by the Coliseum Commission in 2011 for a professional soccer stadium at the Sports Arena site. **Those impacts were previously considered and approved by the District Board when it approved the Non-Disturbance Agreement with USC in September 2013, which authorized USC to redevelop the Sports Arena site with the stadium project analyzed in the Final EIR.** Most of those impacts are temporary and include the following limited areas: temporary construction air quality, temporary construction land use compatibility, noise (temporary construction and operation during stadium events), and historic resources (due to demolition of the Sports Arena). On September 17, 2015, the Coliseum Commission approved the Addendum to the Final EIR analyzing LAFC's project, adopted the associated CEQA Findings and Statement of Overriding Considerations, and adopted the associated Mitigation Monitoring Program. The Coliseum Commission also approved a project agreement with USC confirming USC's right to proceed with the project analyzed in the Addendum as an authorized redevelopment of the Sports Arena property under USC's existing lease.

LAFC also has submitted project applications to the City of Los Angeles for certain land use entitlements needed to develop the stadium project, and the first City of Los Angeles hearing on the project was held on October 21, 2015.

IV. Documents Under Consideration

In connection with LAFC's development of the proposed project, LAFC has requested that the District Board consider for approval each of the documents described below. Given this privately financed investment of approximately \$250 million on District property, these documents are needed to confirm LAFC's rights to develop and operate the proposed stadium for construction and financing purposes (including access rights, utility and construction easements), to satisfy certain conditions in LAFC's lease with USC, and to provide for long-term operations on the site (including rights associated with parking and signage). Each document has been reviewed and negotiated with LAFC by District staff and counsel.

A. Non Disturbance Agreement (NDA)

1. Purpose: Similar to the Non-Disturbance Agreement that the District Board approved for USC in 2013 when USC leased the Sports Arena site, LAFC has requested approval of a Non-Disturbance Agreement. The Agreement requires confirmation of, among other things, LAFC's right to possess, use and enjoy the Project Site pursuant to LAFC's lease with USC, and confirms that such rights will not be disturbed if USC's lease with the Coliseum Commission and other agreements with the District are breached or terminated. The Memorandum of Agreement would be recorded against the Project Site evidencing the existence of the Non-Disturbance Agreement.
2. Highlights:
 - Provides LAFC, MLS and the project lender(s) with the assurances needed to make the financial investment to develop the project in this location. These include commitments ensuring that LAFC's lease would not terminate if USC's lease with the Coliseum Commission were to terminate or expire.
 - Provides assurances that the stadium and ancillary facilities as analyzed in the Addendum to the Final EIR will be permitted by the District consistent with agreements with USC and the Coliseum Commission, and that LAFC will have the right to build and operate those uses as provided in such agreements.
 - Establishes that LAFC will have parking rights in Exposition Park for the project, subject to provisions concerning the scheduling of LAFC events in Exposition Park.
 - Includes LAFC's lease with USC as an exhibit and contemplates District's consent to the lease and that District will acknowledge, among other things: (1) that LAFC has the right to develop and pursue governmental approvals for the project and uses allowed by the lease; (2) the lease term, including extension terms, available to LAFC under the lease; (3) as to financial matters, that LAFC has the right to receive and retain all revenue from the project (unless otherwise specified in separate agreements with the District, such as agreements relating to certain signage and parking revenues); (4) that any improvements and equipment constructed or installed on the Project Site by LAFC will remain the property of

L AFC during the term of the lease; (5) that L AFC is not assuming any of USC’s payment obligations concerning the Sports Arena property to the Coliseum Commission or the District; (6) that L AFC has all rights and remedies available under the lease, including the right to perform USC’s obligations under USC’s agreements with the District if they are not performed to ensure that defaults do not occur; (7) L AFC’s right to repair or rebuild the project in the event of damage and to the use of proceeds or condemnation awards; (8) that USC may transfer the Project Site to L AFC without further District consent, and that L AFC is not responsible for any USC or Coliseum Commission obligations with respect to the Coliseum property; and (9) that MLS and project lenders will have certain cure rights in the event of an L AFC default.

3. Benefits:

- Allows project development to proceed. Without the Non-Disturbance Agreement, the project could not be financed or built.
- Preserves the event priority scheme provided for in the Non-Disturbance Agreement between USC and the District, while adding an event priority for regular season MLS home games and confirming that “Significant Museum Events” will have a higher priority than other L AFC “Special Events.”
- Requires L AFC to pay a higher rate for special event parking permits than what USC is currently charged, which will defray incremental administrative and operating costs to be incurred by District with the expected increase in activity in Exposition Park.
- Assures the District that if the Commission ground lease for the Sports Arena expires or terminates, and if USC’s lease expires or terminates, then L AFC will be obligated to the District under the L AFC lease and District will receive the rental stream provided therein.

B. Operation and Easement Agreement (OEA)

1. Purpose: The OEA provides L AFC with all necessary easements and associated rights to use District property in Exposition Park as necessary for L AFC to construct and operate the stadium project on the Project Site. Because the Project Site is adjacent to other District property in Exposition Park, and much of the access to the Project Site is over District property, both access and various construction and utility easements are necessary to enable the project to be developed and operated. The Supplemental Agreement details certain supplemental economic or operational terms related to specified rights that would be granted to L AFC under the OEA.

2. Highlights:

- The rights that would be granted to L AFC under the OEA include, among other things, temporary easements for construction (including access, laydown

and parking), utility easements, long-term access easements over Exposition Park roadways, parking easements for LAFC's daily parking needs, and easements for limited signage that will be located on Exposition Park property outside of the Project Site (primarily in Parking Lot 6).

- The economic and operational terms contained in the Supplemental Agreement address, among other things, construction and daily parking rights, possible community festivals by LAFC (to the extent they satisfy the Exposition Park festival criteria), the use of certain portions of District property during LAFC events in the stadium, and the District's share of certain signage revenues.

3. Benefits:

- The OEA provides the District and other Exposition Park entities with various assurances and protections regarding LAFC's use of District property to avoid and/or minimize risks, liabilities and interference with other entities and their operations.
- The OEA provides the District with approval rights over all new utility connections and substantial protections during any period of construction on LAFC's Project Site.
- The Supplemental Agreement requires LAFC contribute to a full-time staff member to offset costs incurred by the District for additional staff needed to handle the expected increased utilization of District property resulting from the stadium project.
- The Supplemental Agreement provides the District with a substantial revenue share in LAFC's proposed digital sign that would be located in Parking Lot 6 near the corner of Figueroa Street and Martin Luther King, Jr. Blvd
- The Supplemental Agreement provides the District with additional revenue from daily parking needs for the stadium project's ancillary facilities (restaurants, retail uses, conference facilities, etc.) that cannot be accommodated by the parking lot on the Project Site.
- The Supplemental Agreement requires LAFC to resurface and restripe Parking Lot 6 following completion of initial stadium project construction at LAFC's sole cost and expense.
- The Supplemental Agreement includes LAFC's commitment to meet with District to endeavor to establish a temporary banner sign policy in Exposition Park.
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C. Tri-Party Agreement

1. Purpose: The Tri-Party Agreement (between the District, USC and LAFC) addresses several issues related to USC's Lease Option Agreement for the Sports Arena property. As background, the District and USC entered into a Lease Option Agreement in September 2013, which provided USC with the option to enter into a direct lease of the Sports Arena property with the District upon the expiration of USC's lease with the Coliseum Commission (or the expiration of USC's Non-Disturbance Agreement with the District, if it applies), which is anticipated to occur in 2054. The Lease Option Agreement also included a form of lease with the District that would be used if USC exercised its option for a direct lease with the District. The purpose of the Tri-Party Agreement is to, among other things, provide LAFC with certain assurances that it will be able to extend the term of a direct lease with the District through December 31, 2111 (the same date currently allowed through USC's Lease Option Agreement), and to clarify, amend and supplement certain terms in the Lease Option Agreement as they relate to LAFC's stadium project and LAFC's use and enjoyment of the Sports Arena property. The Memorandum of Agreement would be recorded against the Project Site evidencing the existence of the Tri-Party Agreement.
2. Highlights:
 - Clarifies the fair market rent determination process, the option exercise process and various timing requirements under the Lease Option Agreement.
 - Grants LAFC the right, under certain circumstances, such as the termination of USC's existing lease, for LAFC to exercise USC's lease option in the Lease Option Agreement. Under those circumstances, the Tri-Party Agreement provides that LAFC's Lease with USC will become a direct lease between LAFC and the District.
3. Benefits:
 - Provides additional assurances to the District that USC's existing lease option will be exercised by allowing LAFC to exercise the option if USC cannot or does not exercise the option.
 - By providing LAFC with the right to exercise USC's lease option, the Tri-Party Agreement will ensure the District receives a continued rent stream from the Sports Arena property for at least an additional 15 years (through 2069) and potentially through 2111 (if all options are exercised).

D. **Boundary Correction Documents** which include:

- (i) **Amendment to Coliseum Lease** (Item C1a on Board Agenda)
- (ii) **Amendment to Lease Option Agreement (Coliseum Property)** (Item C1b on Board Agenda) and **Amendment to Memorandum of Lease Option Agreement (Coliseum Property)**
- (iii) **Third Amendment to Sports Arena Agreement, Lease and Easement and Termination of Agreement and Lease for Parcel Adjacent to Arena** (Item C1c on Board Agenda)
- (iv) **Amendment to Memorandum of Lease Option Agreement (Sports Arena Property)** (Item C1d on Board Agenda) and **Amendment to Lease Option Agreement (Sports Arena)**
- (v) **Amendment to (USC) Non-Disturbance Agreement** (Item C1e on Board Agenda)
- (vi) **Third Amendment to Lease and Agreement between the LA Coliseum Commission and USC** (District is not a party to this agreement)

1. **Purpose:** The Boundary Correction Documents include corrective amendments to the District's existing ground leases with the Coliseum Commission for both the Coliseum and Sports Arena properties to provide current and accurate legal descriptions for the boundaries of the two sites. The Boundary Correction Documents include corresponding amendments to the legal descriptions in USC's Non-Disturbance Agreement with the District, and USC's Lease Option Agreement for the Sports Arena property.
2. **Highlights/Benefits:**
 - Will ensure that existing agreements provide an accurate, as-built description of the boundaries of the Coliseum property.
 - Corrects certain boundary discrepancies involving the Sports Arena property to enable the development of the stadium project proposed by LAFC and analyzed in the Addendum to the Final EIR.