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Community Redevelopment Agency
of the CITY OF LOS ANGELES

DATE /

APR 07 2005

FILE CODE /

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Los Angeles / California 90013-1258

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CRA File No. 4739
Council District: 13
Contact Person: John Perfitt
(213) 977-1715

Honorable Council of the City of Los Angeles
John Ferraro Council Chamber
200 N. Spring Street
Room 340, City Hall
Los Angeles, CA. 90012

Attention: John White, Office of the City Clerk

COUNCIL TRANSMITTAL:

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on April 7, 2005, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO:

APPROVAL OF THE FIRST IMPLEMENTATION AGREEMENT TO THE DISPOSITION AND DEVELOPMENT ("DDA") AGREEMENT BETWEEN THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES AND CIM H&H RETAIL, LP (AS SUCCESSOR IN INTEREST TO TRIZECHAHN HOLLYWOOD, LLC AND TRIZECHAHN HOLLYWOOD HOTEL, LLC)

CD13

RECOMMENDATION

That City Council approves recommendation(s) on the attached Board Memorandum.

ENVIRONMENTAL REVIEW

The recommended action does not constitute a "project" as defined by the California Environmental Quality Act ("CEQA").

FISCAL IMPACT STATEMENT

There is no fiscal impact to the City's General Fund, as a result of this action.

Robert R. Ovrom, Chief Executive Officer



CRA/LA

Building communities with jobs & housing

cc: John White, Office of the City Clerk (Original & 9 Copies on 3-hole punch)
Lisa Johnson, Scott Eritano, Office of the CAO
Paul Smith, Ivania Sobalvarro, Office of the CLA
Renata Simril, Office of the Mayor
Neil Blumenkopf, Office of the City Attorney

MEMORANDUM

DATE: APRIL 7, 2005 HW9990

TO: AGENCY COMMISSIONERS

FROM: ROBERT R. OVROM, CHIEF EXECUTIVE OFFICER

RESPONSIBLE PARTIES: HELMI HISSERICH, REGIONAL ADMINISTRATOR
JOHN PERFITT, ASSISTANT PROJECT MANAGER

SUBJECT: APPROVAL OF THE FIRST IMPLEMENTATION AGREEMENT TO THE DISPOSITION AND DEVELOPMENT ("DDA") AGREEMENT BETWEEN THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES AND CIM H&H RETAIL, LP (AS SUCCESSOR IN INTEREST TO TRIZECHAHN HOLLYWOOD, LLC AND TRIZECHAHN HOLLYWOOD HOTEL, LLC) (CD #13)

RECOMMENDATIONS

That the Agency, subject to City Council review and approval, approve and execute the First Implementation Agreement to the DDA with CIM H & H Retail, LP for the Hollywood/Highland retail center project located on the northwest corner of Hollywood Blvd and Highland Ave.

SUMMARY

On or around February 27, 2004, CIM H&H Retail, LP purchased the Hollywood/Highland retail center from TrizecHahn Hollywood, LLC. The Hollywood Highland retail center is located on the northwest corner of Hollywood Blvd and Highland Ave (Attachment A). The organization that acted as the lender for the transaction, iStar, is a real estate investment trust ("REIT"). At the time of the purchase, the glossary of the DDA between TrizecHahn and CRA did not define a REIT as being an institutional lender and qualified mortgagee. This issue created problems for the DDA, which CIM is subject to the terms and conditions of, and also presented a problem for the reciprocal easement agreement ("REA"), which is an incorporated component of the DDA. In order to resolve this issue and assure that the transaction was consummated in February of 2004, CIM and iStar agreed to execute an estoppel letter that provided clarity by identifying iStar as a qualified institutional lender and mortgagee. The parties also agreed at that time to subsequently draft an agreement for CRA and City Counsel approval and eventual execution by all three parties (CRA, CIM, and iStar).

In a memo dated January 19, 2005, outside counsel from Kane, Balmer, and Berkman, after reviewing the estoppel letter, recommended that the Hollywood/Highland DDA be modified to include a definition of a REIT as an institutional investor and qualified mortgagee. This change would be immaterial to the DDA and would not have any fiscal impact on the Agency; it simply makes an administrative clarification in the document. The First Implementation Agreement makes this change by defining iStar as an institutional investor and qualified mortgagee consistent with the meaning of those terms in the DDA.

RE

The Agency previously approved the sale of the Hollywood Highland retail center from CIM H&H Retail, LP to TrizecHahn Hollywood, LLC on February 19, 2004. City Council approved the transaction on February 20, 2004.

SOURCE OF FUNDS

Not applicable as this action requires no Agency funds.

PROGRAM AND BUDGET IMPACT

Not applicable as this action requires no Agency funds.

ENVIRONMENTAL REVIEW

The proposed action does not constitute a project as defined by CEQA.

BACKGROUND

The Agency and TrizecHahn Retail entered into a Disposition and Development Agreement on of February 10, 1999. The First Amendment to the DDA was executed on December 3, 1999. The Second Amendment to the Disposition and Development Agreement was executed on September 27, 2002, and a Settlement Agreement was executed on February 20, 2004. These documents are collectively referred to as the "DDA Documents". The First Implementation Agreement (Attachment B) will become one of the DDA Documents and would facilitate a definition change necessary to finalize the sales transaction for the Hollywood Highland project.

Robert R. Ovrom
Chief Executive Officer

by



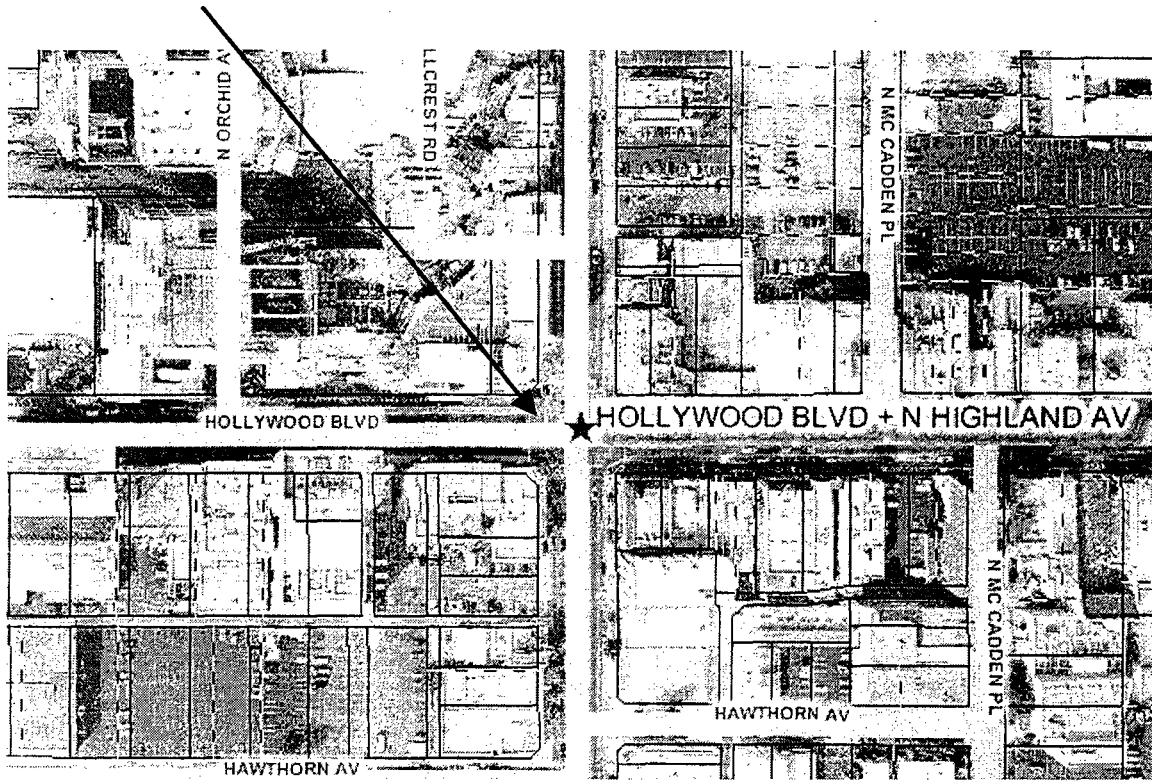
Richard L. Benbow
Chief Operating Officer

There is no conflict of interest known to me to exist with regard to any Agency officer or employee concerning this action.

Attachments:

- A. Location Map
- B. First Implementation Agreement to the DDA

ATTACHMENT A HOLLYWOOD HIGHLAND RETAIL CENTER



ATTACHMENT B

**FIRST IMPLEMENTATION
TO THE
DISPOSITION AND DEVELOPMENT AGREEMENT
BETWEEN
THE COMMUNITY REDEVELOPMENT AGENCY OF THE
CITY OF LOS ANGELES,
CIM H&H RETAIL, LP
(AS SUCCESSOR IN INTEREST TO TRIZECHAHN HOLLYWOOD LLC
AND
TRIZECHAHN HOLLYWOOD HOTEL LLC)**

This First Implementation (the "First Implementation") is entered into on this ___ day of _____, 2005, by and between THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, a public body, corporate and politic (the "Agency"), CIM/H&H RETAIL, LP, a California limited partnership (the "Developer") and successor in interest to TRIZECHAHN HOLLYWOOD, LLC, a Delaware limited liability company ("TH Retail"), and TRIZECHAHN HOLLYWOOD HOTEL LLC, a Delaware limited liability company ("TH Hotel"), with reference to the following facts:

1. The Agency and TH Retail entered into that certain Disposition and Development Agreement dated as of February 10, 1999, that certain First Amendment to the Disposition and Development Agreement dated as of December 3, 1999, that certain Second Amendment to the Disposition and Development Agreement dated as of September 27, 2002 and that certain Settlement Agreement dated as of February 20, 2004 (collectively, the "DDA Documents"). Terms used but not defined herein are defined in the DDA. Unless otherwise indicated, section and article numbers referenced herein refer to sections or articles in the DDA Documents.
2. TH Retail sold the retail portion ("H&H Retail") of the real property that was the subject of the DDA Documents to the Developer on or about February 27, 2004 and assigned the DDA Documents to the Developer on the same date. TH Hotel sold the hotel portion of the real property ("H&H Hotel") that was the subject of the DDA Documents to CIM H&H Hotel, LP, a California limited partnership that is an affiliate of CIM Retail ("CIM Hotel"), on or about February 27, 2004.
3. The Agency and Developer desire to clarify that the current lender holding a security interest in the H&H Retail and H&H Hotel properties, iStar Financial Inc. (a Maryland corporation that is a publicly-traded real estate investment trust) and any wholly-owned subsidiary are Institutional Lenders within the meaning of the DDA Documents and that

in the future real estate investment trusts can qualify as Institutional Lenders, all on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the above recitals, and the representations, warranties, covenants and conditions contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Agency and the Developer do hereby agree as follows:

1. Amendment of Definition of Institutional Lender. The definition of Institutional Lender contained in the Glossary attached to the DDA Documents shall be deleted in its entirety and the following substituted in its place:

"Institutional Lender" shall mean (i) a foreign or domestic savings and loan association, a savings bank, a commercial bank or trust company, an insurance company, a state, municipal or private employees' welfare, pension or retirement fund or system or an investment banking firm, provided that such entity is subject to or submits to service of process within the State of California and has, as of the date such Institutional Lender issues a commitment to make a loan secured by the Property, total assets of at least \$1,000,000,000, or (ii) a real estate investment trust (REIT) or similar corporation or trust that uses the pooled capital of many investors to provide financing for income properties, subject to approval by the Agency (which approval shall (aa) not be unreasonably withheld, conditioned or delayed if such entity has total assets of at least \$1,000,000,000 and has been in business for at least 10 years, and (bb) be granted or denied in the Agency's sole discretion in all other cases). The Agency's Chief Executive Officer shall be authorized to grant such approval."

2. Confirmation of iStar as Institutional Lender. The execution of this First Implementation shall constitute confirmation that iStar Financial Inc. (or any wholly-owned subsidiary) qualifies as an "Institutional Lender" for all purposes under the DDA Documents and under the Performing Arts Center Lease, dated May 10, 1999, as amended, between the Agency and the Developer. Attached as Exhibit A is a conformed copy of the Deed of Trust in favor of iStar Financial Inc. which has been provided to the Agency in compliance with Section 1303 of the DDA Documents.
3. Limitation of Amendment. Except as expressly modified by this First Implementation, the DDA Documents shall remain in full force and effect.

Community Redevelopment Agency of
the City of Los Angeles

By: _____
Chief Executive Officer

Approved as to form:
ROCKARD J. DELGADILLO
City Attorney

By: _____
Assistant City Attorney

CIM/H & H Retail, L. P., by:
CIM Urban RE Fund GP VI, (Delaware),
LLC
its general partner

By: _____
Avraham Shemesh, Treasurer

Consent and Subordination

The undersigned is beneficiary of that certain Deed of Trust and Security Agreement and Fixture Filing and Assignment of Leases and Rents (the "Deed Of Trust") recorded as Instrument No. 04 0472617 and entered into by CIM/H&H Retail, LP, as Trustor, in favor of iStar Financial Inc., and hereby consents to the terms of the FIRST IMPLEMENTATION TO THE DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CIM H&H RETAIL, LP (AS SUCCESSOR IN INTEREST TO TRIZECHAHN HOLLYWOOD LLC AND TRIZECHAHN HOLLYWOOD HOTEL LLC), and agrees that such Deed of Trust shall be subordinate to the DISPOSITION AND DEVELOPMENT AGREEMENT AS SO AMENDED.

iStar Financial Inc.,
a Maryland corporation

By: _____

Name: _____

Title: _____

STATE OF CALIFORNIA }
COUNTY OF _____ }

On _____, 2005, before me, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity(ies) upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

Notary's Name (Typed or Printed)

[SEAL]

STATE OF CALIFORNIA }
COUNTY OF _____ }

On _____, 2005, before me, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity(ies) upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

Notary's Name (Typed or Printed)

[SEAL]

STATE OF CALIFORNIA }
COUNTY OF _____ }

On _____, 2005, before me, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity(ies) upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

Notary's Name (Typed or Printed)

[SEAL]