



ANTONIO R. VILLARAIGOSA
MAYOR

August 26, 2005

Council File: New
Council District No: 8 ✓
Contact Persons & Extensions:
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Economic Development Division

Mayor Antonio R. Villaraigosa

Attention: June Lagmay, Legislative Coordinator

COMMITTEE TRANSMITTAL: AUTHORIZATION TO NEGOTIATE AND EXECUTE AN AGREEMENT TO TRANSFER APPROXIMATELY \$998,287 OF A TOTAL \$1.5 MILLION IN ECONOMIC DEVELOPMENT INITIATIVE GRANT FUNDS (EDI) FROM THE COMMUNITY DEVELOPMENT DEPARTMENT (CDD) TO THE LOS ANGELES COMMUNITY REDEVELOPMENT AGENCY (AGENCY) FOR THE MIXED-USE MARLTON SQUARE PROJECT (FORMERLY SANTA BARBARA PLAZA)

DEADLINE FOR ACTION

The General Manager of the Community Development Department-City of Los Angeles (CDD), or his designee, respectfully requests that your office expedite this transmittal to the Los Angeles City Council for review and approval. Timely processing will assist the CDD in expediting the use of \$1.5 million in Economic Development Initiative Grant Funds (EDI), approximately \$998,287 of which will be transferred to the Agency, before a September 30, 2005 Disbursement Deadline for EDI Funds. Failure to meet this deadline will result in the loss of the EDI Grant Funds.

RECOMMENDATIONS

The General Manager of the Community Development Department (CDD), or designee, respectfully requests that the Mayor and City Council:

1. Authorize the General Manager of CDD, or designee, to negotiate and execute an Agreement between the CDD and the Agency to transfer approximately \$998,287 million of the \$1.5 million in EDI to reimburse the Agency for land acquisition, relocation and related costs associated with the mixed-use Marlton Square Project;

MARLTON SQUARE PROJECT
EDI FUNDS TRANSFER TO AGENCY

2. Authorize the General Manager of CDD, or designee, to negotiate and execute all agreements, related to the Agreement in recommendation #1 above, between the CDD and the Agency, subject to the approval of the City Attorney as to form and legality;
3. Authorize the General Manager of CDD, or designee to instruct the Agency to pay the CDD for the periodic interest only payments associated with an amount up to the total \$9.0 million in Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee funds. The CDD will under proper demand provide evidence of such payments to the Agency for the aforementioned interest-only payments;
4. Authorize the General Manager of CDD, or designee, to prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with this action subject to the approval of the CAO and instruct the Controller to implement these instructions;
5. Authorize the General Manager of CDD, or designee, to amend the appropriate Consolidated Plan, as needed, to reflect that the EDI is in conformance with the recommendations contained in this report, and all HUD requirements, and submit the amended Consolidated Plan(s) for review and approval;
6. Authorize the Acting Chief Executive Officer, Chief Financial Officer, Finance Director, or designee of the Agency, to negotiate and execute an Agreement between the CDD and the Agency to receive approximately \$998,287 in EDI as reimbursement to the Agency for its land acquisition costs associated with the retail component of the mixed-use Marlton Square Project;
7. Authorize the Acting Chief Executive Officer, Chief Financial Officer, Finance Director, or designee of the Agency, to negotiate and execute all agreements between the CDD and the Agency, subject to the approval of the City Attorney as to form and legality;
8. Authorize the Acting Chief Executive Officer, Chief Financial Officer, Finance Director, or designee of the Agency, to pay the interest-only payments associated with the Section 108 Loans; and
9. Concur in approving the recommended actions of the CDD and the Agency.

MARLTON SQUARE PROJECT
EDI FUNDS TRANSFER TO AGENCY

FISCAL IMPACT

There is no General Fund Impact resulting from the recommended actions. The CDD will be using the following funding sources for project gap financing associated with the Marlton Square Project:

1. Economic Development Initiative proceeds (\$1.5 million); and
2. HUD Section 108 Loan Guarantee proceeds (\$9.0 million).

HISTORY

On November 3, 2004, the Mayor concurred in a Council Action of October 22, 2004 (CF# 01-2069-S3) with various authorizations, from the CDD and the Agency, relative to the Marlton Square Project. The actions included, among other approvals, authority for the CDD to negotiate and execute agreements with the Marlton Square Associates, LLC (MSA, LLC) to provide \$22,875,000 in public funds to assist in the financing of the \$169.2 million Marlton Square Project.

SUMMARY

Based on the terms of a Master Agreement between the City, Agency and MSA, LLC, the latter will not be in a position to receive the EDI funds before the Disbursement Deadline. To avert the loss of the EDI funds, the CDD requests authority to transfer approximately \$998,287 of the total \$1.5 million in EDI funds to the Agency to reimburse the Agency for its land acquisition costs and relocation expenses associated with the retail component of the Marlton Square Project. The CDD will disburse into its Union Bank Account approximately \$501,713 of the mentioned EDI funds to cover the Cost of Issuance and Loan fees associated with the Section 108 Loan. The mentioned EDI funds will be broken down as follows:

Description Cost	Amount
Land Appraisal Fees	\$ 188,000
Acquisition/Relocation Plan/Services	\$ 150,000
Application/Legal & Related Fees	\$ 660,287
To Agency	\$ 998,287
To CDD	\$ 501,713
TOTAL EDI AMOUNT	\$ 1,500,000

MARLTON SQUARE PROJECT
EDI FUNDS TRANSFER TO AGENCY

HUD requires the City to drawdown up to \$9.0 million of the associated Section 108 Loan funds in order for City to request the full \$1.5 million in EDI. Upon the EDI drawdown, HUD will begin billing the City for the interest-carry associated with the amount of Section 108 Loan drawn down. The City will in turn bill the Agency for the period interest-carry in order to pay HUD.

Accordingly, to continue the project CDD seeks the approval of the above-mentioned recommendations. The CDD has already informed HUD of this process. HUD plans to take the action to their loan approval panel for approval on August 23, 2005. Both actions will facilitate the City meeting the September 30, 2005 Disbursement Deadline for the \$1.5 million in EDI funds.

SOURCE OF PAYMENT

Nine Hundred Ninety-Eight Thousand Two Hundred Eighty-Seven Dollars (\$998,287) to be paid by the Agency using Crenshaw EDI Grant Funds.

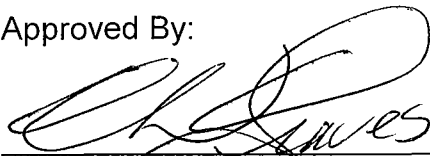
COLLATERAL

Source of Payment to be fully secured by a Pledge of the Crenshaw EDI Grant Funds Account set aside by the Agency for the HUD Section 108 Loan interest-only payments.

ENVIRONMENTAL REVIEW

Environmental records, including the Mitigated Negative Declaration, dated June 19, 2002 in this matter indicate that the Marlton Square Project will have no significant impact on the environment. As such, on June 19, 2005, the Department of Housing and Urban Development issued a Certificate of Compliance under Title I of the Housing and Community Development Act of 1974 for the Project.

Approved By:



CLIFFORD W. GRAVES
General Manager

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