

FRANK T. MARTINEZ
City Clerk

KAREN E. KALFAYAN
Executive Officer

When making inquiries
relative to this matter
refer to File No.

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

02-0029

CD 9

November 28, 2005

PLACE IN FILES

DEC 2 2005

DEPUTY

Councilmember Parks
Councilmember Perry
Board of Transportation Commissioners
Office of the Mayor
City Administrative Officer
Chief Legislative Analyst
City Attorney (with blue sheet)
Department of Transportation
Community Development Department

L.A. County Metropolitan
Transportation Authority
Attn: Art Henry
One Gateway Plaza
Los Angeles, CA 90012

RE: AMENDING PREVIOUS COUNCIL ACTION IN CONNECTION WITH THE 636 MAPLE
AVENUE INTER-MODAL PARKING STRUCTURE

At the meeting of the Council held November 8, 2005, the following action
was taken:

| | |
|---|----------------------|
| Attached report adopted, as amended..... | _____ |
| Attached motion (Perry - Parks) adopted..... | _____ X _____ |
| Attached resolution adopted..... | _____ |
| FORTHWITH..... | _____ |
| Mayor concurred | _____ 11-21-05 _____ |
| To the Mayor FORTHWITH | _____ |
| Motion adopted to approve communication recommendation(s)..... | _____ |
| Motion adopted to approve committee report recommendation(s)... | _____ |
| Ordinance adopted..... | _____ |
| Ordinance number..... | _____ |
| Publication date..... | _____ |
| Effective date..... | _____ |

Frank T. Martinez

City Clerk
cr



OFFICE OF THE MAYOR
Mayor's Time Stamp

2005 NOV -9 PM 3: 04

CITY OF LOS ANGELES

RECEIVED
CITY CLERK'S OFFICE
City Clerk's Time Stamp

2005 NOV -9 PM 3: 01

CITY CLERK

BY _____ DEPUTY

SUBJECT TO MAYOR'S APPROVAL

COUNCIL FILE NO. 02-0029

COUNCIL DISTRICT NO. _____

COUNCIL APPROVAL DATE November 8, 2005

RE: AMENDING PREVIOUS COUNCIL ACTION IN CONNECTION WITH THE 636 MAPLE AVENUE
INTER-MODAL PARKING STRUCTURE


NOV 21 2005

LAST DAY FOR MAYOR TO ACT _____
(10 Day Charter requirement as per Charter Section 341)

RECEIVED
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2005 NOV 21 PM 4: 01
CITY CLERK
BY _____ DEPUTY

DO NOT WRITE BELOW THIS LINE - FOR MAYOR OFFICE USE ONLY

APPROVED



*DISAPPROVED

*Transmit objections in writing
pursuant to Charter Section 341

NOV 21 2005

DATE OF MAYOR APPROVAL OR DISAPPROVAL _____

MAYOR

steno\020029a

NOV 22 2005

50

TO CITY CLERK FOR PLACEMENT ON NEXT
REGULAR COUNCIL AGENDA TO BE POSTED

11/8/05
#53
NOV 02 2005

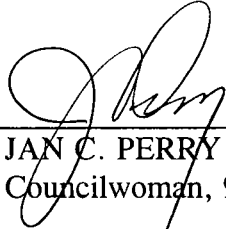
MOTION

I MOVE that the Council action of September 21, 2005 relative to the 636 Maple Avenue Inter-Modal Parking Structure Project (CF 02-0029) BE AMENDED, in the interest of expediting the project and avoiding further delays in securing and processing the SBA grant component of this project, as follows:

Authorize 636 Maple Avenue Intermodal Parking Structure, LLC (LLC) to advance an amount equal to the SBA grant, \$1,092,850, to cover the MTA's Ground Lease Payment with the balance for the City's monitoring fees and soft costs. If the SBA's final approval is not obtained, LLC agrees that this advance will be treated as an additional developer investment in the Project with the following understandings:

1. The City will authorize the immediate release of the Preliminary Offering Statement for pricing of the Bonds and will allow the Bonds to be issued at closing;
2. The City will continue to pursue the entire \$1,092,850 SBA grant and will apply all proceeds received from SBA for the Project to the Project. LLC can make application to the City for replacement funds to the extent that SBA approval is not obtained for the Project;
3. The City will allow LLC to maximize the principal amount of the Bonds within the pro-forma limits to reduce the amount of the shortfall.

PRESENTED BY:

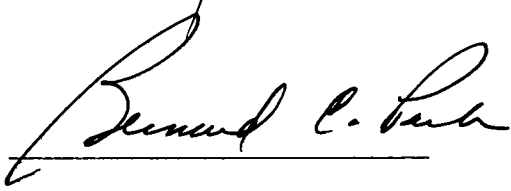

JAN C. PERRY
Councilwoman, 9th District

Motion
ADOPTED

NOV 08 2005

W6
LOS ANGELES CITY COUNCIL

SECONDED BY:



989
NOV 02 2005

COUNCIL VOTE

Nov 8, 2005 10:24:40 AM, #2

Items for Which Public Hearings Have Not Been Held - Items 21-50

Voting on Item(s): 21-50

Roll Call

| | |
|-----------|--------|
| CARDENAS | Yes |
| GARCETTI | Yes |
| *GREUEL | Yes |
| HAHN | Yes |
| LABONGE | Absent |
| PARKS | Yes |
| PERRY | Yes |
| REYES | Yes |
| ROSENDAHL | Yes |
| SMITH | Yes |
| WEISS | Absent |
| ZINE | Yes |
| PADILLA | Absent |
| VACANT | Absent |
| VACANT | Absent |

Present: 10, Yes: 10 No: 0

FRANK T. MARTINEZ
City Clerk

KAREN E. KALFAYAN
Executive Officer

When making inquiries
relative to this matter
refer to File No.

CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

03-1223
02-0029

CD 9

October 5, 2005

Councilmember Parks
Councilmember Perry
Board of Transportation Commissioners
Office of the Mayor
City Administrative Officer
Chief Legislative Analyst
City Attorney (with blue sheet)
Department of Transportation
Community Development Department

L.A. County Metropolitan
Transportation Authority
Attn: Art Henry
One Gateway Plaza
Los Angeles, CA 90012

RE: 636 MAPLE AVENUE INTER-MODAL PARKING STRUCTURE PROJECT

At the meeting of the Council held September 20, 2005, the following action was taken:

| | |
|---|----------|
| Attached report adopted, as amended..... | X |
| Attached amending motion (Perry - Parks) adopted..... | X |
| Attached resolution adopted..... | X |
| FORTHWITH..... | |
| Mayor concurred | 10-03-05 |
| To the Mayor FORTHWITH | |
| Motion adopted to approve communication recommendation(s)..... | |
| Motion adopted to approve committee report recommendation(s)... | |
| Ordinance adopted..... | |
| Ordinance number..... | |
| Publication date..... | |
| Effective date..... | |

City Clerk
crm

PLACE IN FILES
OCT 6 2005
DEPUTY



OFFICE OF THE CITY CLERK
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2005 SEP 21 PM 3:33

CITY OF LOS ANGELES

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City Clerk's Time Stamp
CITY CLERK'S OFFICE

2005 SEP 21 PM 3:31

CITY CLERK

BY _____
DEPUTY

SUBJECT TO MAYOR'S APPROVAL

COUNCIL FILE NO. 03-1223 & 02-0029

COUNCIL DISTRICT NO. 9

COUNCIL APPROVAL DATE SEPTEMBER 20, 2005

RE: 636 MAPLE AVENUE INTER-MODAL PARKING STRUCTURE PROJECT

LAST DAY FOR MAYOR TO ACT OCT 03 2005
(10 Day Charter requirement as per Charter Section 341)

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2005 OCT -3 PM 3:24
CITY CLERK
BY _____
DEPUTY

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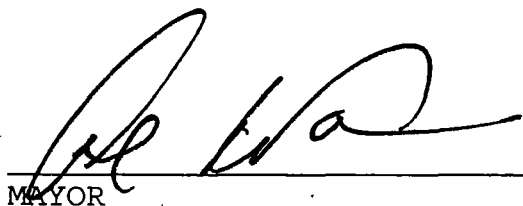
APPROVED

↓

*DISAPPROVED

*Transmit objections in
writing pursuant to Charter
Section 341

DATE OF MAYOR APPROVAL OR DISAPPROVAL OCT 03 2005



MAYOR

OCT 04 2005

TO THE COUNCIL OF
CITY OF LOS ANGELES

Your

TRANSPORTATION COMMITTEE

reports as follows:

| | | |
|-----------------|------------|-----------|
| | <u>Yes</u> | <u>No</u> |
| Public Comments | <u>XX</u> | |

TRANSPORTATION COMMITTEE REPORT and RESOLUTION relative to the 636 Maple Avenue Inter-Modal Parking Structure Project.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. FIND that the 636 Maple Avenue Inter-Modal Parking Structure Project has been reviewed for environmental records in this matter and FIND that said Project will have no significant impact on the environment.
2. FIND that the 636 Maple Avenue Inter-Modal Parking Structure Project is necessary and appropriate to accomplish the City's community and economic development objectives.
3. FIND that the 636 Maple Avenue Inter-Modal Parking Structure Project meets a National Objective of the Housing and Community Development Act and is necessary and appropriate to accomplish the City's economic development objectives.
4. CONCUR with the recommendations of the Board of Transportation Commissioners, as adopted with modifications on October 14, 2004, AUTHORIZE the General Manager of the Department of Transportation (DOT) to execute a Parking Licensing Agreement with the Developer, 636 Maple Avenue Intermodal Parking Structure, LLC (a subsidiary of MJW Investments), to lease 140 parking spaces in the 636 Maple Avenue Intermodal Structure for a term of 30 years and AUTHORIZE the DOT to use monies from the Special Parking Revenue Fund to make annual lease payments for 20 years to said Developer for the use of the 140 parking spaces over a term of 30 years as described in the Parking Licensing Agreement as attached to the Council file (Council file 03-1223).
5. ADOPT the accompanying RESOLUTION approving the issuance of tax-exempt and taxable Empowerment Zone (EZ) Facility Revenue Bonds by the Los Angeles Industrial Development Authority in an amount not to exceed \$11,000,000 for the benefit of the 636 Maple Avenue Intermodal Parking Structure Project and INSTRUCT the staff of the Los Angeles Industrial Development Authority, Community Development Department (CDD), Chief Legislative Analyst (CLA) and other relevant agencies to not proceed with the issuance of said EZ Revenue Bonds until the City is in receipt of final approval of the Small Business Administration (SBA) budget.
6. AUTHORIZE the:
 - a. TRANSFER of \$11,000,000 of the City's \$230,000,000 Empowerment Zone allocation to the Industrial Development Authority (IDA).
 - b. USE of previously awarded grant funds, \$1,092,850 SBA grant and \$49,500 grant from the State Pollution Control Authority.

- c. USE of \$1,500,000 in previously approved Urban Development Action Grant (UDAG) and a \$500,000 Block Grant Investment Fund (BGIF) loan within the Community Development Block Grant to assist the 636 Maple Avenue Intermodal Parking Structure, LLC or a related entity.
- 7. AUTHORIZE the CDD General Manager to:
 - a. Prepare and submit an application to the California Industrial Development Finance Advisory Commission (CIDFAC) for its review.
 - b. Negotiate and execute all Empowerment Zone Bonds, SBA, UDAG and BGIF/Loan documents and any other ancillary agreements required for issuance of the said Bonds and extension of the grants and loan, subject to the review of the City Attorney and Bond Counsel to the IDA as to form and legality.
 - c. 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 City Administrative Officer (CAO) and instruct the Controller to implement these instructions.
- 8. AUTHORIZE the Controller to:
 - a. ESTABLISH new account Y701 636 Maple Street and APPROPRIATE \$1,500,000 within UDAG Miscellaneous Revenue Fund No. 356 and expend said funds upon proper demand of the CDD General Manager.
 - b. EXPEND funds in an amount not to exceed \$500,000 from account W245 Block Investment Fund within the Community Development Block Grant No. 424.
 - c. ESTABLISH an interest-bearing fund titled SBA CDD Programs to be administered by CDD.
 - d. ESTABLISH a new account Y701 636 Maple Street and APPROPRIATE \$1,092,850 within the newly established Fund and EXPEND funds upon proper demand of the CDD General Manager.
- 9. AUTHORIZE the CDD and the CLA to make technical changes relative to the current sources and uses, as necessary, of SBA grant funds, subject to the SBA approval on final budget.
- 10. REQUEST the Mayor to negotiate with the Developer, 636 Maple Avenue Intermodal Parking Structure, LLC, relative to the California Pollution Control Grant, to determine the options available for installation of solar panels for the 636 Maple Avenue Inter-Modal Parking Structure Project and INSTRUCT the CDD and CLA to make the necessary technical amendments to the Source and Uses once a determination has been made.
- 11. AUTHORIZE the CLA, CDD and other relevant agencies, relative to UDAG funds in the event that the 636 Maple Avenue Inter-Modal Parking Structure Project is ineligible to

identify an alternate source of funds that may be used or exchanged, prepare Controller instructions and request the Controller to implement the instructions to meet the intent of this action.

Fiscal Impact Statement: The CLA reports that there is no General Fund impact to the City from the proposed bond financing. Proceeds derived from the bonds are generated from private investor capital and require no pledge of public funds for their backing or security. The primary source of repayment will be the operating income of the Borrower. The City does not provide funds in these bonds, and under the structure and terms of the bond financing, will not bear any financial responsibility for repayment of the bonds under any circumstances. SBA Grant, UDAG and CDBG (BGIF) funds will be extended to the project to cover construction and soft costs associated with the project. These are grant funds that do not impact the General Fund.

There will be a long-term impact to the Special Parking Revenue Fund (SPRF). Annual lease payments of \$360,000 are proposed over 20 years of the 30-year term for a total of \$7.2 million. The lease payments coincide with the 20-year debt service on the Empowerment Zone Bonds and assure partial coverage of annual debt service payments over 20 years of the 30-year term. It is anticipated that the SPRF will be fully reimbursed its investment of \$7.2 million and will earn an additional \$3.2 million by the end of the 30-year term. The revenue projections are supported by a parking study prepared by Walker Parking Consultants which analyzed parking patterns in the area. Further, the revenue projections were approved by Bond Counsel and incorporated in the final bond documents.

(Housing, Community and Economic Development Committee waived consideration of this matter)

Summary:

At its September 14, 2005 meeting, your Committee considered a September 11, 2005 CLA; September 6, 2005 DOT and September 13, 2005 CDD reports relative to the 636 Maple Avenue Inter-Modal Parking Structure Project. According to the DOT, the encouragement of mixed-use development is an adopted City policy contained in the City's General Plan. Such development and/or redevelopment of neighborhoods promotes comprehensive revitalization through the retention or addition of housing, services, jobs and schools.

On April 17, 2002, Council approved the Santee Multi-Family Conversion Project for future mixed-use redevelopment in the Fashion District and authorized the CLA, CDD, Community redevelopment Agency and other impacted departments to work with the Developer, MJW Investments toward that end (Council file 02-0029). The Santee Court Mixed-use Development Project (SCP) is a multi-phased redevelopment effort that involves the adaptive re-use of nine buildings and will ultimately provide 460 market rate housing units, 118 affordable units, more than 200,000 square feet of commercial and retail space including pedestrian enhancements and public gathering spaces, and a seven-story public parking garage.

The proposed 636 Maple Avenue Inter-Modal Parking structure will be built on land owned by the Metropolitan Transportation Authority (MTA) and will provide the 420 parking spaces for the tenants of Santee Court and the patrons of the Fashion District and a staging area for MTA buses. The Santee Court Project has been financed primarily from private funding.

On June 11, 2003, Council approved \$12.7 million (Council file 03-1223) in public funding to finance

the construction of the 636 Maple Avenue Inter-Modal Parking Structure, including \$7.1 million in Empowerment Zone bond funds, \$1.5 million from UDAG action Grant funds, \$3 million from the Special Parking Revenue Fund, and \$1.1 million from the SBA. DOT has been working closely with the CLA, CDD, City attorney, Bond Counsel and the Developer to complete the Parking Licensing Agreement, which details the future parking operations of the 636 Maple Avenue Inter-Modal Parking Structure and the various parties' responsibilities.

The CLA then stated that the City will not own the parking structure but the City will be provided access to the parking structure for use by the public for 30 years under the terms of the Parking Licensing Agreement. The City, by way of the DOT, will pay an annual lease payment from the Special Parking Revenue Fund to the Developer for 20 years in exchange for controlled access of 140 parking spaces during specified public parking hours over the 30-year term of the Agreement. Additionally, the Developer will hire a Parking Operator to oversee day-to-day operations, subject to the approval of the DOT. All revenue generated from the tenants and public will go into a separate (to be established) Maple Avenue Trust Fund from which operating expenses, debt service, reimbursements to the City, and related costs would be paid. The remaining net revenue would be shared between the City and the Developer.

Additionally, the CLA stated that the parking structure will entail the construction of a seven-story concrete parking structure on approximately 31,000 square feet of land located within the City's Federal Empowerment Zone. The proposed structure will provide a staging area for MTA buses on the ground floor, and 420 parking spaces on the second through seventh floors. The structure will be a secure, 24-hour facility serving the Fashion District patrons and tenants in the adjacent residential development. Finally, approximately 74% of the project is to be financed with the EZ Bonds and additional financing is to be provided from the following sources: 11% UDAG, 8% SBA Grant, 4% BGIF, and 2% from Borrower equity and interest.

Additionally the CLA stated that the \$13.8 million 636 Maple Avenue Inter-Modal Parking Project consists of four components:

- a. Purchase of a leasehold interest in the real property located at 636 Maple Avenue from the MTA.
- b. Design, development, construction and installation of a seven story commercial parking structure consisting of approximately 420 parking spaces and related facilities on the Project site.
- c. Payment of certain costs of issuance and capitalized interest with respect to the empowerment zone facility revenue bonds to be issued for the benefit of the Project.
- d. Pursuant to the Parking Licensing Agreement between 636 Maple Avenue Intermodal Parking Structure, LLC and the City, the borrower will make available to the general public not less than 140 of the parking spaced in the parking facility on certain days and certain times.

After further consideration and having provided an opportunity for public comment, your committee moved to recommend that Council approve the recommendations as contained within the September 13, 2005 CLA report.

This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

TRANSPORTATION COMMITTEE

Y. Greuel
Bernard C. Parker
[Signature]

SEP 16 2005 - CONTINUED TO ~~SEP 20~~, 2005

RPT.
***ADOPTED**
**AS AMENDED*
SEP 20 2005

LOS ANGELES CITY COUNCIL
SEE ATTACHED AMENDING MOTION

MEMBER
GREUEL:
PARKS:
SMITH:

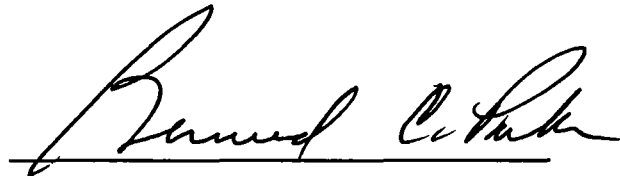
VOTE
YES
YES
YES

ARL
#031223.wpd
9-15-05
CD 9

MOTION

I MOVE that the matter of a Transportation Committee Report and Resolution relative to the 636 Maple Avenue Inter-Modal Parking Structure Item #56 (CF: 03-1223; 02-0029) on Today's Agenda, be amended as follows: (1) approve Recommendation #9 in the Community Development Department's Transmittal dated September 13, 2005 relative to the authorization to exchange funds; and (2) adopt the Controller's Instructions with (Recommendation #12) in the Community Development Department's Transmittal dated September 13, 2005 in lieu of Recommendation #8 of the Committee report.

PRESENTED BY:

JAN PERRY
COUNCILMEMBER, 9TH DISTRICT**SECONDED BY:**

September 20, 2005

***AMENDING
MOTION
ADOPTED**

SEP 20 2005

LOS ANGELES CITY COUNCIL

wb

COUNCIL VOTE

Sep 20, 2005 11:32:59 AM, #13

ITEM NO. (56)

Adopt as Amended

| | |
|-----------|--------|
| CARDENAS | Yes |
| GARCETTI | Yes |
| *GREUEL | Yes |
| HAHN | Yes |
| LABONGE | Yes |
| PARKS | Yes |
| PERRY | Yes |
| REYES | Yes |
| ROSENDAHL | Yes |
| SMITH | Yes |
| WEISS | Yes |
| ZINE | Yes |
| PADILLA | Yes |
| VACANT | Absent |
| VACANT | Absent |

Present: 13, Yes: 13 No: 0

TRANSPORTATION COMMITTEE
SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. 03-1223 & 02-0029

- ☐ Petitioner/Communicant _____
- ☒ Council Member(s) CD9 _____
- ☒ Board of Transportation Commissioners
- ☒ Office of the Mayor (w/o file)
- ☒ City Administrative Officer (CAO)
- ☒ Chief Legislative Analyst (CLA)
- ☐ Los Angeles County Metropolitan Transportation Authority
- ☒ City Attorney (~~w/ Bluesheet~~) (w/o Bluesheet)
- ☐ Controller
- ☒ Department of Transportation (DOT)
- ☒ COO _____
- ☐ _____
- ☐ _____
- ☐ _____
- ☐ _____
- ☐ _____

CITY OF LOS ANGELES

CALIFORNIA



ANTONIO VILLARAIGOSA
MAYOR

CLIFFORD W. GRAVES
GENERAL MANAGER

**COMMUNITY DEVELOPMENT
DEPARTMENT**

1200 WEST 7TH STREET
LOS ANGELES, CA 90017

**LOS ANGELES INDUSTRIAL
DEVELOPMENT
AUTHORITY**

6TH FLOOR
1200 WEST 7TH STREET
LOS ANGELES, CA 90017
(213) 744-7111
FAX (213) 744-9382

Council File: New
Council District No.: 9 ✓
Contact Persons & Telephone No.:
Michael J. Yuzon 744-7392
May M. Smith 744-9360
Economic Development Division

September 13, 2005

City Council
C/o City Clerk
Room 395, City Hall

COMMITTEE TRANSMITTAL: REQUEST APPROVAL OF A RESOLUTION AUTHORIZING THE ISSUANCE OF AN \$11,000,000 TAX-EXEMPT EMPOWERMENT ZONE FACILITY BOND BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LOS ANGELES; A \$1,092,850 SMALL BUSINESS ADMINISTRATION GRANT, A \$1,500,000 GENERAL FUND SWAP FOR URBAN DEVELOPMENT ACTION GRANT, A \$500,000 BLOCK GRANT INVESTMENT FUND LOAN, AND A \$49,500 STATE GRANT FINANCING BY THE CITY OF LOS ANGELES TO BENEFIT 636 MAPLE AVENUE INTERMODAL PARKING STRUCTURE, LLC OR A RELATED ENTITY; SPECIAL PARKING LICENSE AGREEMENT, AND ALL NECESSARY EMPOWERMENT ZONE BOND, SMALL BUSINESS ADMINISTRATION/STATE/URBAN ACTION DEVELOPMENT GRANTS AND BLOCK GRANT INVESTMENT FUND LOAN AGREEMENTS TO FINANCE THE 636 MAPLE AVENUE INTERMODAL PARKING STRUCTURE PROJECT.

DEADLINE FOR ACTION

The General Manager, Community Development Department (CDD), respectfully requests that your office expedite the review and approval of this transmittal in order to meet a critical September 28, 2005 bonds/grants/loan closing date. The underlying Los Angeles County Metropolitan Transit Authority (MTA) and 636 Maple Avenue Intermodal Parking Structure, LLC (the "Borrower") have entered into a Ground Lease Agreement for the real property located at 636 Maple Avenue for the construction of a parking facility to serve as a staging depot for MTA, and the residents and businesses of this portion of the Fashion District. The Ground Lease and related Development Agreement stipulate that the Borrower

SEP 14 2005

TRANSPORTATION

**HOUSING, COMMUNITY &
ECONOMIC DEVELOPMENT**

TRANSPORTATION

ECONOMIC DEVELOPMENT
HOUSING COMMUNITY &

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2005 SEP 14 AM 10:42

CITY CLERK
BY Vm DEPUTY

must pay for the real property no later than October 3, 2005. Failure to comply with this provision will result in the loss of this property for this development and negatively impact the Santee Court residential development.

RECOMMENDATIONS

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

1. Find the subject project necessary and appropriate to accomplish the City's community and economic development objectives;
2. Process this transmittal through the appropriate City Council Committee and the City Council;
3. Approve the attached Council Resolution (*Attachment D*);
4. Authorize CDD to prepare and submit an application to the California Industrial Development Finance Advisory Commission (CIDFAC) for its review;
5. Approve the transfer of \$11,000,000 of the City's \$230,000,000 Empowerment Zone allocation to the Industrial Development Authority (IDA);
6. Approve the use of a previously awarded \$49,500 State 7th Street Pedestrian Lighting grant funds for 636 Maple Avenue Intermodal Parking Structure, LLC or a related entity;
7. Approve the use of previously awarded \$1,092,850 in Small Business Administration (SBA) grant funds for 636 Maple Avenue Intermodal Parking Structure, LLC or a related entity;
8. Authorize CLA and CDD to make technical changes relative to the current sources and uses, as necessary subject to SBA approval on final budget;
9. Authorize the exchange, on a dollar for dollar basis, of \$1,500,000 in General Funds expended for Bridges Program for UDAG Revenue Funds budgeted for 636 Maple Avenue Intermodal Parking Structure and approve the use of the General Funds for 636 Maple Avenue and the use of the UDAG Miscellaneous Revenue for the Bridges Program.
10. Approve \$500,000 in Block Grant Investment Fund (BGIF) loan within the Community Development Block Grant for 636 Maple Avenue Intermodal Parking Structure, LLC or a related entity;
11. Authorize the General Manager of CDD, or his 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 City Administrative Officer (CAO) and instruct the Controller to implement these instructions.
12. Authorize the Controller to:
 - a) Establish an interest-bearing fund titled CDD Economic Development Programs to be

administered by CDD.

- b) Establish new account Y701 SBA-636 Maple Avenue and appropriate \$1,092,850 within the newly established Fund and expend funds upon proper demand of the General Manager of CDD.
 - c) Establish new account Y702 7th Street Pedestrian Lighting-636 Maple Avenue and appropriate \$49,500 within the newly established Fund and expend funds upon proper demand of the General Manager of CDD.
 - d) Expend funds in an amount not exceed \$500,000 from account W245 Block Investment Fund within the Community Development Trust Fund #424.
 - e) Establish new account Y701 Bridges GF Swap and appropriate \$1,500,000 within UDAG Miscellaneous Revenue Fund #356.
 - f) Transfer expenditures in an amount not to exceed \$1,500,000 from account W200 LA Bridges Program General Fund Various Programs Fund #551 to account Y701 Bridges GF SWAP UDAG Miscellaneous Revenue #356.
 - g) Decrease appropriations in the amount of \$1,500,000 from account W200 LA Bridges Program within General Fund Various Programs Fund #551.
 - h) Establish new account Y375 636 Maple UDAG Swap and appropriate \$1,500,000 within General Fund Various Programs Fund #551.
13. Find that the City Council has reviewed the environmental records in this matter and find that the 636 Maple Avenue Intermodal Parking Structure project will have no significant impact on the environment;
14. Find that the 636 Maple Avenue Intermodal Parking Structure project meets a National Objective of the Housing and Community Development Act and is necessary and appropriate to accomplish the City's economic development objectives;
15. Authorize the General Manager, CDD, or his designee, to negotiate and execute all Empowerment Zone Bonds, Small Business Administration Grant, Urban Development Action Grant/LA Bridges General Fund swap, State of California - California Pollution Control Financing Authority Grant, Block Grant Investment Fund grant/loan documents and any other necessary documents are required for issuance of the Bonds and extension of the grants and loan. Such documents shall be reviewed by the City Attorney and Bond Counsel to the Industrial Development Authority (IDA) as to form and legality;
16. The Mayor concurs with the actions of the City Council.

FISCAL IMPACT STATEMENT

There is no General Fund impact to the City from the proposed Empowerment Zone bond (Bonds) financing. Proceeds derived from the Bonds are generated from private investor capital and require no pledge of public funds for their backing or security. The primary source of repayment will be the

operating income of the Borrower. The secondary source of repayment will be the bond insurance, along with the Debt Reserve Fund established in conjunction with this issuance. The City does not provide funds in these bonds, and under the structure and terms of the bond financing, will not bear any financial responsibility for repayment of the Bonds under any circumstance.

SBA, State grant and BGIF funds will be extended to 636 Maple Avenue Intermodal Parking Structure, LLC, or a related entity, to cover construction, financing and soft costs associated with the Project. There is no General Fund impact resulting from the proposed actions.

CDD and CLA have been in constant communication with SBA and have submitted final budget for approval. In that staff anticipates an approval from SBA shortly, we recommend that the CDD and CLA be authorized to make technical changes relative to the current sources and uses as necessary, subject to final SBA approval of the budget.

CDD is recommending that we swap, on an even exchange basis, previously allocated Urban Development Action Grant (UDAG) Miscellaneous Revenues for General Funds earmarked for the L.A. Bridges program. CDD was recently informed that the Project is not eligible for UDAG funds from a public benefit standpoint due to the insufficient number of jobs created by the parking structure. CDD, however, has identified L.A. Bridges General Funds that may be exchanged with UDAG to assist with this project. The Borrower has executed a Memorandum of Understanding with a local WorkSource Center to launch a Pre-Apprentice Program, with the goal of creating full time employment in the targeted low-moderate income area. This will offer a long-term public benefit to the community.

The borrower is continuing their discussions with the Mayor's Office relative to the State Grant for "Downtown Los Angeles - 7th Street Transit/Pedestrian 24-Hour Safe Passage Project". This was awarded by the California Pollution Control Financing Authority. Said grant allocated \$49,500 as matching funds to an overall \$150,000 solar panel budget which will generate solar energy to supply the streetscape pedestrian lighting as well as contribute to the parking structure illumination.

Recommendations to use UDAG and BGIF funds ultimately require City Council and Mayoral approvals. Where UDAG and BGIF funds are utilized, a review is also required by a City BGIF team comprised of members from the City Administrative Officer, Chief Legislative Analyst, Community Redevelopment Agency, City Attorney and the Community Development Department. The BGIF team met on 2-6-04 and approved request.

SUMMARY

Transmitted herewith for your review, approval and further processing is one (1) original and two (2) copies of a request regarding the issuance of tax-exempt and taxable Empowerment Zone Bonds (the "Bonds") by the Industrial Development Authority (IDA), in an aggregate principal amount not to exceed Eleven Million Dollars (\$11,000,000); a Small Business Administration (SBA) grant for One Million, Ninety Two Thousand Eight Hundred Fifty Dollars (\$1,092,850); an Urban Development Action Grant - General Fund swap for One Million Five Hundred Thousand Dollars (\$1,500,000); a State of California grant matching funds for Forty-Nine Thousand Five Hundred Dollars (\$49,500) and a Block Grant Investment Fund loan (the "Loan") for Five Hundred Thousand Dollars (\$500,000) for the 636 Maple Avenue Intermodal Parking Structure project (Project). Proceeds from these funding sources will be applied as follows:

1. Bonds - Construction of a parking structure located at 636 Maple Street, Los Angeles (CD 9).
2. SBA grant - MTA ground lease payment, legal/administrative/soft costs

3. UDAG/General Fund Swap – Construction related hard/soft costs and bond insurance premium
4. State Grant – Solar panel matching funds
5. BGIF – Cost of bond issuance and other soft costs

The Project is located within the Federal Empowerment Zone, Central City Revitalization Zone and CRA's Redevelopment Area. The facility will be owned and operated by the Borrower or a related entity. The structure will provide much needed parking to the nearby fashion district patrons, as well as tenants in the adjacent Santee Court residential development owned by our Borrower.

BACKGROUND

On September 17, 2002, the IDA Board (Board) adopted an Initial Resolution (*Attachment II*) which declared its intent, subject to City Council and CIDFAC approval, to issue \$8,500,000 in tax-exempt and taxable Empowerment Zone Facility Bonds (the "Bonds") to: (1) acquire the real property and improvements located at 636 Maple Street, Los Angeles, California 90021 (the "Project Site"); (2) construct a parking structure and improvements located at the Project Site; and (3) pay the cost of certain capitalized interest and issuance fees associated with financing the Project.

On October 14, 2004, the IDA Board adopted an amended Resolution (*Attachment III*) to: (1) purchase a leasehold interest in the Project Site from the Los Angeles County Metropolitan Transportation Authority and provide 140 parking spaces available to the general public; (2) Design, develop, construct and install a seven story commercial parking structure consisting of approximately 420 parking spaces and related facilities on the Project Site and (3) Pay certain costs of issuance and capitalized interest with respect to the Empowerment Zone Bonds.

On August 5, 2005, the Board adopted a second amendment to the Resolution (*Attachment IV*) to reflect: (1) an increased Empowerment Zone Bonds amount not to exceed \$11,000,000; and (2) Proceeds of such tax-exempt and/or taxable Bonds will be used to reimburse the Borrower for certain costs of the Project.

The Final Resolution was adopted on September 8, 2005 (*Attachment V*) to authorize the issuance and sale of the Empowerment Zone Bonds; and to approve the bond documents presented.

The California Industrial Development Financing Advisory Commission (CIDFAC) of the State Treasurer's Office approved an Initial Resolution for this bond issue in November 2003. On August 18, 2005, CIDFAC approved an Initial and Final resolution to issue Bonds in an amount not to exceed \$11,000,000.

BORROWER HISTORY

MJW Investments is a full service real estate development company which has been operating for over twenty (20) years. MJW has \$17 million in assets under ownership and management. They consist of more than thirty (30) residential/industrial/commercial/retail properties totaling 3 million gross sq. ft. in the states of CA, AZ and NV. The more noticeable developments are the Edison, El Rey property and 80,000 sq. ft. of commercial retail and lofts in Old Town Pasadena. Rehabilitated affordable housing projects include the Wilmington California project on Hill Street and 1,000 apartment units in Korea Town. MJW was named the #1 fastest growing company, and 21st largest commercial developer, in Los Angeles by the Los Angeles Business Journal in 2001.

PROJECT FINANCING

The Project involves the construction of a seven-story concrete parking structure on approximately 31,000 sq. ft. of land located within the City's Federal Empowerment Zone. The development consists entirely of a 30,000-sq. ft. parking structure and landscaping activities. The proposed structure will provide a staging area for ten (10) MTA buses on the ground floor, and 420 parking spaces on the second through seventh floors. The structure will be a secure, 24-hour facility serving the fashion district patrons and tenants in the adjacent residential development.

The land underlying the proposed structure is owned by the Metropolitan Transit Authority (MTA) and is currently used as a bus staging area. On July 25, 2002, the MTA Board of Directors approved a 70-year ground lease with the developer. There will be minor demolition on the site to remove the existing pavement and a 1,000 sq. ft. 1-story structure. A Ground Lease and Development Agreement have been executed with MTA. The Agreements call for the \$600,000 up-front Ground Lease payment to be deposited in an escrow account, and construction to commence by October 3, 2005, with completion no later than December 31, 2006. Failure to comply will result in MTA's ability to regain the property rights for lease to other interested parties.

The Department of Transportation's (DOT) Special Parking Revenue Fund (SPRF) will provide annual contribution of \$360,000 for twenty (20) years towards debt servicing on the bond payments. These monies will be repaid annually over the next twenty six (26) years. In exchange for the SPRF payments, the City will receive one third, or 140, parking spaces for use by the public during normal business hours Monday through Saturday. Tenants in the adjacent residential development have access to these spaces during evening hours and overnight, but must vacate in time for the 140 spaces to become available for public parking per terms and conditions outlined in the Licensing Agreement between the Borrower and the City. The remaining 280 parking spaces will be used mainly by tenants residing in Phases I and II of the Santee Court apartments/condos on a monthly pass purchase basis.

The bond issuance will be underwritten by Oppenheimer and Co., Inc., a private investment firm in Minneapolis, MN. The Bonds are further enhanced by an insurance policy from ACA Financial Guaranty Corporation in New York. The Bonds will be sold in Five Thousand Dollar (\$5,000) increments. Repayment will be made over an approximately 20-year period, with an 18-month capitalized interest period.

SOURCES AND USES OF FUNDS

| <u>Sources</u> | <u>Amount</u> | <u>Uses</u> | <u>%</u> |
|---|---------------------|-------------------------|------------|
| Bonds - Oppenheimer & Co. | \$10,235,000 | Construction & Reserves | 74 |
| SBA Grant | \$ 1,092,850 | Ground Lease/Soft Costs | 8 |
| UDAG/L.A. Bridges Swap | \$ 1,500,000 | Construction/Soft Costs | 11 |
| BGIF | \$ 500,000 | Cost of Issuance/Fees | 4 |
| Developer Equity | \$ 331,000 | Construction | 2 |
| Interest Earnings | \$ 122,366 | Construction | 1 |
| State Grant - 7 th Street Lighting | \$ 49,500 | Solar Panels | - |
| Estimated Project Cost: | \$13,830,716 | | 100 |

| USES | | SOURCES | | | | | TOTAL |
|-------------------------|---------------------|--------------------|--------------------|------------------|------------------|----------------------|---------------------|
| ITEMS | BONDS | SBA | UDAG/ SWAP | BGIF | STATE GRANT | BORROWER / OTHERS | |
| MTA Ground Lease | | \$ 575,000 | | | | \$ 25,000 | \$ 600,000 |
| Bond Insurance Premium | | | \$1,020,815 | | | | \$ 1,020,815 |
| Debt Service Reserve | \$ 799,601 | | | | | | \$ 799,601 |
| Capitalized Interest | \$ 688,285 | | | | | | \$ 688,285 |
| Underwriter's Discount | \$ 202,421 | | | \$ 2,279 | | | \$ 204,700 |
| Original Issue Discount | \$ 113,970 | | | | | | \$ 113,970 |
| Construction Reserve | \$ 257,500 | | | | | | \$ 257,500 |
| Construction Costs | \$ 7,221,098 | | \$ 479,185 | | | \$ 428,366 | \$ 8,128,649 |
| Solar Panels | \$ 100,500 | | | | \$ 49,500 | | \$ 150,000 |
| Soft Costs | \$ 849,112 | \$ 517,850 | | | | | \$ 1,366,962 |
| Cost of Issuance | | | | \$497,721 | | | \$ 497,721 |
| Rounding | \$ 2,513 | | | | | | \$ 2,513 |
| | | | | | | | |
| TOTAL | \$10,235,000 | \$1,092,850 | \$1,500,000 | \$500,000 | \$ 49,500 | \$ 453,366 | \$13,830,716 |

FINANCING GAP

This Project, as proposed, has a \$500,000 financing gap. The requested BGIF loan will assist the Borrower in funding soft costs. The gap is due primarily to higher financing costs and increased construction expenses.

REPAYMENT STRUCTURE

The BGIF loan will have a repayment term of twenty (20) years. Simple interest only at 5.5% during the first four (4) years; aggregate interest payments deferred until year 20 when due and retired with the final principal and interest payment. Principal will then be amortized over the remaining sixteen (16) years at 5.5% compounding interest. Equal monthly Principal and Interest payments of approximately \$3,922 each will commence in year 5. There will be no prepayment penalty associated with this loan. The loan may be renewable and/or transferable subject to Authority and City Council approval.

The SBA, UDAG/L.A. Bridges swap and State fundings are all grants with no monetary repayment provisions.

GUARANTIES

Personal Guaranty of Mark Weinstein.

FINANCIAL STATEMENT ANALYSIS

A review of financial data by the bond team reflects sufficient capacity to complete the Project.

COLLATERAL

The City will obtain a replenishable \$50,000 Letter of Credit covering the annual BGIF debt service (approximately \$47,000). We will also receive the personal guaranty of principal Mr. Mark Weinstein. Mr. Weinstein's personal financial statement dated March 31, 2005 demonstrates that he will have sufficient net worth to support the BGIF obligation.

STAFFING AND WAGES

The Borrower currently has no staff. It is estimated that within two years after the issuance of this bond, the Borrower will create total of 28 new positions, equivalent to 15 full-time permanent jobs.

An estimated breakdown of their workforce and compensation is as follows:

| | Number of Employees | Wages |
|--------------|---------------------|---|
| Managerial | 1 | Living Wage (include or plus health benefits) |
| Skilled | 2 | Living Wage (include or plus health benefits) |
| Semi-Skilled | 24 | Living Wage (include or plus health benefits) |
| Unskilled | 1 | Living Wage (include or plus health benefits) |
| TOTAL | 28 | |

The twenty-eight (28) employees include both full-time and part-time employees for which the Borrower has no final determination. However, they will have a minimum of fifteen (15) full-time equivalent positions, of which six (6) will reside within the Federal Empowerment Zone in keeping with the Federal mandate that 35% of its employees be Zone residents. Staff and CDD's Workforce Development Division (WDD) will assist the Borrower in establishing linkages to offer job creation assistance and hiring through a local WorkSource Center and other similar employment programs.

As well, the Borrower aims to create a substantial number of jobs in the targeted low-mod income census tracts to fulfill the community benefit requirement. They have executed a Memorandum of Understanding with a local WorkSource Center to launch a Pre-Apprentice Program, with the goal of offering training and employment opportunities for the youths in these areas.

LIVING WAGE ORDINANCE

Borrower will comply with the City's Living Wage Ordinance (LWO). As of July 1, 2005, the Living Wage Ordinance requires employers to pay employees \$9.08 per hour with health benefits, or \$10.33 per hour without health benefits, an equivalent to at least \$1.25 per hour.

Bond Counsel has opined that the Borrower will not realize any financial benefit from the Bond financing. Staff has completed a LWO exemption to establish that this project will not be classified as a City Financial Assistance Recipient.

PUBLIC HEARINGS

Section 147(f) of the Internal Revenue Code requires the local government agency having jurisdiction over the area in which the project facilities are located conduct the required public hearing regarding the proposed financing and the local elected representative, i.e. City Council, approve the financing of the project.

Notices of Public Hearing (TEFRA) were published in a newspaper of general circulation within the City on November 18, 2003; October 11, 2004 and June 13, 2005. The hearings were conducted on December 2, 2003; October 27, 2004 and June 28, 2005. There were no comments from the public. Minutes from the public hearings are available at CDD.

A Citizens Unit for Participation (CUP) Committee meeting was also held for their consideration, as well as public comments, on September 30, 2004 regarding the BGIF Loan request. The request was approved with no objections.

A copy of this transmittal and all supporting legal documents have been forwarded to the City's outside legal counsel for review and comment. In addition, copies were also be sent to the City Attorney's Office for concurrent review and approval. Based on a review of the documents and discussions with members of the bond finance team, the transaction is structured as a true conduit financing. As indicated in the Indenture documents, the City has no obligation or liability with respect to the repayment of the Bonds.

Primary finance team members involved in the transaction include the following:

| | |
|---------------------------|---|
| Issuer: | Industrial Development Authority of the City of Los Angeles |
| Issuer's Counsel: | City of Los Angeles, City Attorney |
| Borrower: | 636 Maple Avenue Intermodal Parking Structure, LLC, or a related entity |
| Bond Counsel: | Kutak Rock, LLP |
| Financial Advisor: | Growth Capital Associates, Inc. |
| Underwriter: | Oppenheimer and Co., Inc. |
| Trustee: | Wells Fargo Bank |

NECESSARY AND APPROPRIATE STATEMENT

The recommended funding is deemed appropriate under Federal assistance guidelines in that the project costs will have to be deemed reasonable; the loan amount is appropriate; the terms of the financing are reasonable and the public benefit is adequate to meet established guidelines. In evaluating the project costs, the Borrower solicited bids and cost estimates from contractors who have experience in building similar facilities. The aggregate City funding represents approximately 23% of the total project cost.

ELIGIBLE ACTIVITY

Funding construction and soft costs is the eligible activity under Special Economic Development Activity of HUD guidelines 570.203 (b).

NATIONAL OBJECTIVE

The project will comply with HUD's national objective of elimination of slum and blight (570.208(b)(1)(i)).

In addition, the project is expected to create minimum of fifteen (15) new jobs. Empowerment Zone Bonds require that 35% of the project employees reside within the Federal Empowerment Zone.


ENVIRONMENTAL

CDD has reviewed a Phase I Environmental Site Assessment Report completed on November 24, 2002 by National Environmental, Inc. located at Newhall, California. There were no recommendations in the report. CDD's Environmental Division received the Authority to Use Grant Funds from HUD on January 29, 2004.

PROJECT READINESS CRITERIA

BGIF Guidelines provide Project Readiness Criteria which Borrowers must meet in order to obtain approval on all BGIF funding recommendation.

1. Site Control – Developer has executed a 70-year-Ground Lease and Development Agreement with MTA
2. Repayment Sources – Operating revenues from parking garage, and Letter of Credit
3. Tax Revenue Projections – N/A
4. Project costs – \$13,830,716
5. Bond Insurance Commitment – Received from ACA Financial Guaranty Corporation
6. Parking License Commitment – In place
7. Appraisal – N/A
8. Collateral identified – A replenishable Letter of Credit securing annual BGIF debt service, plus the principal's personal guaranty
9. Job Creation Matrix – 15 new permanent jobs to be created
10. Guaranty – Personal Guaranty of Mark Weinstein
11. Site-Specific Tax Revenue Tracking - N/A
12. Public Hearing before the Citizens Unit for Participation (CUP): September 30, 2004
13. CDD Loan Committee Review: September 30, 2004



CLIFFORD W. GRAVES
General Manager

CWG:SHM:MJY:MMS

| | |
|-----------------|-----------------------------------|
| Attachment I: | Council Resolution |
| Attachment II: | Initial Resolution (#02-03) - IDA |
| Attachment III: | Amended Resolution (#5-03) - IDA |
| Attachment IV: | Amended Resolution (#06-03) – IDA |
| Attachment V: | Final Resolution (#06-04) - IDA |

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF LOS ANGELES**

APPROVING THE ISSUANCE BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LOS ANGELES OF NOT TO EXCEED \$11,000,000 AGGREGATE PRINCIPAL AMOUNT OF THE AUTHORITY'S EMPOWERMENT ZONE REVENUE BONDS SERIES 2005 (SANTEE COURT PARKING FACILITY PROJECT) FOR THE BENEFIT OF 636 MAPLE AVENUE INTERMODAL PARKING STRUCTURE, LLC, AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS RELATING TO A PARKING LICENSE AND PAYMENTS FROM THE CITY'S SPECIAL PARKING REVENUE FUND, AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to the Community Renewal and New Markets Act of 2000 (the "Act"), the federal government expanded the tax incentives available to businesses in the portion of the City of Los Angeles ("City") designated as a federal empowerment zone (the "Los Angeles Empowerment Zone"); and

WHEREAS, pursuant to the Act, among the tax incentives conferred upon the City is the ability to issue up to \$230 million in tax-exempt empowerment zone facility bonds (the "Empowerment Zone Ceiling") to make loans to qualifying business borrowers to finance the cost of certain commercial, retail, industrial or other facilities qualifying as "enterprise zone facilities" as that term is defined in Section 1394 of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, \$13,200,000 of the City's Empowerment Zone Ceiling has been used as of the date of this Resolution; and

WHEREAS, the Industrial Development Authority of the City of Los Angeles (the "Authority") has accepted an application from 636 Maple Avenue Intermodal Parking Structure, LLC (the "Borrower") requesting the Authority to issue its empowerment zone revenue bonds pursuant to the California Industrial Development Financing Act, being Title 10 of the California Government Code, as supplemented and amended (the "Act"), to finance the (1) acquisition of a leasehold interest in the real property located at 636 Maple Avenue, Los Angeles, California (the "Project Site"), (2) construction of improvements at the Project Site consisting of a seven-level parking garage containing approximately 420 parking spaces (the "Parking Facility") and (3) payment of capitalized interest and certain costs of issuance in connection with the bonds to be issued by the Authority (collectively, the "Project"); and

WHEREAS, the Board of Directors of the Authority, in its Project Resolution No. 02-03, adopted on September 17, 2002, as modified by Project Resolution 05-03, adopted on October 14, 2004 and Project Resolution 06-03, adopted on August 5, 2005, expressed its intention to issue empowerment zone facility bonds pursuant to the provisions of the Act in an aggregate principal amount not to exceed \$11,000,000 for the benefit of the Borrower; and

WHEREAS, the Authority proposes to issue its Empowerment Zone Facility Revenue Bonds, Series 2005 (Santee Court Parking Facility Project) (the "Bonds") in an aggregate principal amount not to exceed \$11,000,000 to finance the costs of the Project; and

WHEREAS, the City desires to provide additional off-street public parking in and around the Parking Facility to better serve local businesses and promote economic development in the City and has agreed to assist the Borrower in the development and operation of the Parking Facility; and

WHEREAS, pursuant to a Parking License Agreement (the "City License Agreement"), between the Borrower and the City, the Borrower has agreed to license not less than 140 parking spaces in the Parking Facility to the City for use by the general public pursuant to and in accordance with the terms and provisions of the City License Agreement; and

WHEREAS, pursuant to the City License Agreement, the City will make certain payments (the "City License Fees") to the Borrower in consideration for the City Parking License; and

WHEREAS, the Borrower will assign all of its rights under the City License Agreement, including the right to receive the City License Fees, to the Authority who will in turn assign all of such rights to the Trustee pursuant a City Parking License Assignment Agreement (the "City License Assignment Agreement"), by the Borrower and the Authority and acknowledged by the City, as security for the payment of a portion of the Borrower's obligations under the loan agreement to be entered into with the Authority; and

WHEREAS, the City License Fees will be paid from the City's Special Parking Revenue Fund, established pursuant to Section 5.117 of the Administrative Code of the City (the "Special Parking Revenue Fund"), in accordance with the terms and provisions set forth herein; and

WHEREAS, the payment of the City License Fees will be junior and subordinate to the lien on and security interest in the parking revenues and other assets of the Special Parking Revenue Fund granted to secure the City's outstanding parking revenue bonds; and

WHEREAS, the Authority has made the determinations required to be made pursuant to Section 91530 of the Act preliminary to the issuance by the Authority of the Bonds; and

WHEREAS, the Borrower has requested that the City designate the Authority as an issuer of a portion of the City's Empowerment Zone Ceiling for the purpose of issuing the Bonds to finance the Project for the benefit of the Borrower; and

WHEREAS, the Council of the City (the "Council") in evaluating the Project has relied upon the written facts and information represented in the application and other materials by the Borrower and has considered the determinations of the Authority; and

WHEREAS, it appears appropriate for the Council to designate the Authority as an issuer of a portion of the City's Empowerment Zone Ceiling in order to benefit the Project as described in the application; and

WHEREAS, the issuance of the Bonds must be approved by this City Council in order to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") and Section 91530(f) of the Act; and

WHEREAS, the Authority has caused a notice to appear in the Metropolitan News-Enterprise, which is a newspaper of general circulation in the City of Los Angeles, on June 13, 2005 to the effect that a public hearing would be held by the Authority on June 28, 2005, regarding the issuance of the Bonds and the nature and location of the Project; and

WHEREAS, the Authority has held said public hearing on June 28, 2005, providing a reasonable opportunity for persons to comment on the issuance of the Bonds and the nature and location of the Project; and

WHEREAS, in addition to the other approvals provided in this resolution it is intended that this Resolution shall constitute the approval of the Project and the issuance of the Bonds required by Section 147(f) of the Code and Section 91530(f) of the Act; and

WHEREAS, there has been presented to this meeting and is now on file with the City Clerk the following:

- 1) A proposed form of the City License Agreement, to be entered into by and between the Borrower and the City;
- 2) A proposed form of the City Parking License Assignment Agreement (the "City License Assignment Agreement"), to be executed by the Borrower and the Authority and acknowledged by the City, pursuant to which the Borrower collaterally assigns its interest in the City License Agreement as security for the Bonds;
- 3) A proposed form of the Empowerment Zone Facility Compliance Agreement (the "Compliance Agreement"), to be entered into by and among the Authority, the Borrower and the City;
- 4) A proposed form of the Funding Agreement (the "Funding Agreement"), to be entered by and among the Borrower, the Authority, the City and the Trustee with respect to the disbursement of the City Funds for the Project;

- 5) A proposed form of Subordination, Non-Disturbance and Attornment Agreement (the "SND Agreement"), to be entered into by and between the City and the Trustee;
- 6) A proposed form of the City Parking License Estoppel Certificate and Consent (the "Estoppel Certificate"), by and among the Borrower, the City and the Trustee;
- 7) A proposed form of the Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), executed by the City;
- 8) A proposed form of Agreement to Enter into Ground Lease (the "Ground Lease Agreement"), to be entered into by and among the Borrower, the MTA, the City and the Trustee; and
- 9) A proposed form of the Preliminary Official Statement (the "Preliminary Official Statement") to be used by the Underwriter in connection with the offering and sale of the Bonds.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the City of Los Angeles, that:

Section 1. This Council hereby expresses its full support for the Project to be undertaken by the Borrower. The Council finds and determines that the Project is vital to the City's business community and will provide significant public benefits to residents of the Los Angeles Empowerment Zone.

Section 2. The Authority is hereby designated as an issuer of Bonds in an amount of the City's Empowerment Zone Ceiling in an amount not to exceed \$11,000,000 for the benefit of the Borrower (the "Allocation"). Such Allocation may only be used by the Authority for the issuance of the Bonds for the Project, as specifically described above. Any modification of the Project may require reconsideration by the Council before the Allocation may be used for the Project. The Authority is not authorized to transfer the Allocation set forth herein to any other governmental unit in the State of California except the City.

Section 3. Unless the City has extended the date by which the Allocation must be used by the Authority, the Allocation designated to the Authority herein shall automatically revert to the City unless the Authority has issued the Bonds for the Project by the close of business on December 31, 2005.

Section 4. The Authority shall notify the Council in writing within fifteen (15) days of the bond closing that the financing is complete and reporting the exact amount of Bonds issued. Any difference between the amount of Bonds issued and the amount of the Allocation designated in Section 2 shall automatically revert to the City. If at any time prior to December 31, 2005, the Authority determines that all or part of the Allocation designated to the Authority in Section 2 will not be used to issue the Bonds by that date, the Authority shall take prompt action by resolution of its governing board and return such unneeded Allocation to the City.

Section 5. The City Council hereby approves the Project, subject to fulfillment of all requirements under the Act, and approves the issuance of the Bonds, which Bonds may be tax-exempt or taxable as approved by the Authority in its final resolution, in an amount not to exceed \$11,000,000 to finance costs of the Project. The Bonds and the interest thereon shall be paid from revenues received by the Authority from the Borrower pursuant to a loan agreement with respect to the Project to be entered into between the Authority and the Borrower. This resolution shall constitute both "host" and "issuer" approval of the Bonds within the meaning of Section 147(f) of the Code and shall constitute the approval of the Project and the issuance of the Bonds within the meaning of Section 91530(f) of the Act.

Section 6. The form of the City License Agreement presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Department of Transportation of the City is hereby authorized and empowered to execute and deliver the City License Agreement, and the City Clerk is authorized to attest thereto, with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 7. The form of the City License Assignment Agreement presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Department of Transportation of the City are each individually hereby authorized and empowered to execute and deliver the City License Assignment Agreement, and the City Clerk is authorized to attest thereto, if necessary, with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 8. The form of the Compliance Agreement presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Community Development Department of the City are each hereby individually authorized and empowered to execute and deliver the Compliance Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 9. The form of the Funding Agreement presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Community Development Department of the City are each hereby individually authorized and empowered to execute and deliver the Funding Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 10. The form of the SND Agreement presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Department of Transportation of the City are each hereby individually authorized and empowered to execute and deliver the SND Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 11. The form of the Estoppel Certificate presented at this meeting is hereby

approved and the General Manager or any Assistant General Manager of the Community Development Department of the City are each hereby individually authorized and empowered to execute and deliver the Estoppel Certificate with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 12. The form of the Continuing Disclosure Certificate presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Department of Transportation or the City Administrative Officer or any Assistant City Administrative Officer are each hereby individually authorized and empowered to execute and deliver the Continuing Disclosure Certificate with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 13. The form of the Ground Lease Agreement presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Department of Transportation or the City Administrative Officer or any Assistant City Administrative Officer are each hereby individually authorized and empowered to execute and deliver the Ground Lease Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 14. Those portions of the Preliminary Official Statement describing the City and the Special Parking Revenue Fund (the "City Disclosure Information") presented at this meeting are hereby approved. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement containing the City Disclosure Information in connection with the sale of the Bonds with such changes and insertions in such City Disclosure Information as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof. The preparation and delivery of a final Official Statement ("Official Statement") containing the City Disclosure Information, and its use by the Underwriter in connection with the sale of the Bonds, is hereby approved. The City Disclosure Information in the Official Statement shall be in the form of the City Disclosure Information in the Preliminary Official Statement with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof. The General Manager or any Assistant General Manager of the Department of Transportation of the City or the City Administrative Officer or any Assistant City Administrative Officer are each individually hereby authorized and empowered to deem the City Disclosure Information in the Preliminary Official Statement substantially final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, said determination to be conclusively evidenced by a certificate signed by such officer. The Underwriter is hereby authorized to distribute copies of the Official Statement containing the City Disclosure Information to the purchasers of the Bonds.

Section 15. All actions heretofore taken by the officers, employees and agents of the City with respect to the approval, issuance and sale of the Bonds and the execution and delivery of the documents set forth above are hereby approved, confirmed and ratified, and the officers and employees of the City and their authorized deputies and agents are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all certificates and

documents which they or bond counsel may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds, the execution and delivery of the documents set forth above and otherwise to effectuate the purposes of this Resolution.

Section 16. The City Clerk is authorized and directed to transmit a copy of this Resolution to the Authority together with a request that the Authority retain a copy of this Resolution in the Authority's official records.

Section 17. This Resolution shall take effect from and after its adoption.

I hereby certify that the foregoing Resolution was passed and adopted by the Council of the City of Los Angeles at a meeting thereof duly held on the 20th day of SEPTEMBER, 2005, by a majority vote of all its members.

FRANK T. MARTINEZ

City Clerk

By

Carver Montgomery
Deputy



PROJECT RESOLUTION NO. 02-03

RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LOS ANGELES MAKING DETERMINATIONS WITH RESPECT TO THE FINANCING OF FACILITIES FOR MJW INVESTMENTS OR A RELATED ENTITY AND DECLARING ITS INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS

WHEREAS, the Industrial Development Authority of the City of Los Angeles (the "Issuer") was established pursuant to the provisions of the California Industrial Development Financing Act, being Title 10 of the California Government Code, as amended and supplemented (the "Act"), and is thereby authorized to issue empowerment zone facility revenue bonds for the purpose of paying the cost of financing a project, as that term is defined in the Act;

WHEREAS, MJW Investments (or a related entity designated as the "Borrower"), a California corporation (the "Applicant"), has submitted, and the Board of Directors of the Issuer has accepted, an application requesting the Issuer to issue and sell its taxable and/or tax-exempt empowerment zone facility revenue bonds and/or make a loan, the interest on which may be excludable from gross income for federal income tax purposes (the "Obligations"), pursuant to the provisions of the Act for the purpose of financing the (1) acquisition of real property and improvements located at 636 Maple Avenue, Los Angeles, California (the "Project Site"), (2) construction of a new 30,000 square foot parking structure, and (3) payment of capitalized interest and certain costs of issuance in connection with the Obligations collectively, (the "Project") to be issued by the Issuer for the benefit of the Applicant or a related successor or entity thereto (the "Borrower");

WHEREAS, the Project will be used by the Borrower for parking or for other qualified purposes;

WHEREAS, the Project will be located in the Los Angeles Federal Empowerment Zone;

WHEREAS, the Issuer may not issue its Obligations to finance the Project until the Board of Directors of the Issuer makes certain determinations with respect to the public benefits and qualification of the Project as required by the Act;

WHEREAS, the Borrower expects to pay certain expenditures (the "Reimbursable Expenditures") in connection with the Project prior to the issuance by the Issuer of tax-exempt and/or taxable Obligations for the purpose of financing costs associated with the Project on a long-term basis;

WHEREAS, the Issuer reasonably expects that tax-exempt and/or taxable Obligations in an amount not expected to exceed \$8,500,000 will be issued to finance the costs of the

Project and that certain of the proceeds of such tax-exempt and/or taxable Obligations will be used to reimburse the Reimbursable Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Issuer to declare its reasonable intent to reimburse Reimbursable Expenditures for the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, the Board of Directors of the Industrial Development Authority of the City of Los Angeles does resolve as follows:

Section 1. The Board of Directors of the Issuer finds and determines that the following recitals are true and correct.

Section 2. The Resolution is adopted solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations and Section 91530 of the Act. This Resolution does not bind the Issuer to make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3. All of the Reimbursable Expenditures covered by this Resolution were made not earlier than 60 days prior to the date of this Resolution. The Issuer presently intends and reasonably expects to issue its tax-exempt and/or taxable Obligations within 18 months of the date of the expenditure of monies on the Project or the date upon which the Project is placed in service or abandoned, whichever is later (but in no event more than 3 years after the date of the original expenditure of such monies), and to allocate an amount not to exceed \$8,500,000 of the proceed thereof to the Reimbursable Expenditures in connection with the Project.

Section 4. The Board of Directors of the Issuer hereby finds and determines:

- (a) That the use of the Project for a commercial parking structure in an Empowerment Zone is in accord with Section 91503 of the Act;
- (b) That the use of the Project is likely to result in public benefits and employment benefits by securing or increasing the number of employees of the Borrower, and any other direct users of the Project or the compensation for such employment;
- (c) That the issuance of the Obligations by the Issuer in the amount sufficient to finance all or a portion of the cost of the Project is likely to be a substantial factor in the accrual of each of such public benefits from the use of the Project; and
- (d) That the proposed financing of the Project is otherwise in accord with the purposes and requirements of the Act.

Section 5. The Board of Directors of the Issuer hereby declares its official intent to use proceeds of the tax-exempt and/or taxable Obligations to reimburse the Borrower for the Reimbursable Expenditures.

Section 6. In no event shall the Obligations constitute a pledge of faith and credit of the City of Los Angeles (the "City"), the State of California (the "State") or any political corporation, subdivision or agency of the State, and none of the City, the State or any political corporation, subdivision or agency of the State shall be liable to make any appropriation for the repayment of the Obligations. The Obligations shall constitute a special obligation of the Issuer payable solely from the revenues or other sources provided for in a loan agreement and proceedings to be provided for hereafter.

Section 7. The General Manager of the Community Development Department of the City (the "General Manager"), or her designee is hereby requested and authorized to (i) publish or cause to be published in a newspaper of general circulation within the City, notice of the filing of the Application by the Applicant in accordance with Section 91530(e) of the Act (ii) file a copy of this Resolution and the Application with the Clerk of the City (iii) file such information with the California Industrial Development Financing Advisory Commission as may be required for the review and approval of the Project pursuant to Section 91531 of the Act; and (iv) request the City Council transfer an amount not to exceed \$8,500,000 of its Empowerment Zone allocation to the Authority for the benefit of the Project,

Section 8. The General Manager or her designee is hereby requested to conduct a public hearing with respect to the financing of the Project for the purpose of satisfying the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986. The General Manager or her designee is hereby requested and authorized to publish or cause to be published notice of such public hearing in a newspaper of general circulation within the City at least 14 days prior to the date scheduled for such public hearing.

Section 9. All actions heretofore taken by the officers of the Issuer in connection with the financing of the Project are hereby ratified and confirmed. The Chairperson of the Board of Directors of the Issuer, all other officers of the Issuer and the General Manager or her designee are hereby individually authorized to take any and all actions in connection with the financing of the Project and as may be necessary and consistent with the purposes of this Resolution.

Section 10. This Resolution shall take effect from and after its adoption.

PASSED, APPROVED AND ADOPTED at a meeting of the Board of Directors of the Industrial Development Authority of the City of Los Angeles on September 17, 2002, by the following vote:

| | |
|----------|---|
| AYES: | 4 |
| NOES: | 0 |
| ABSENT: | 3 |
| ABSTAIN: | 0 |



Vice-Chairperson

ATTEST:



Secretary

PROJECT RESOLUTION NO. 05-03

**RESOLUTION OF THE INDUSTRIAL
DEVELOPMENT AUTHORITY OF THE CITY OF LOS
ANGELES AMENDING PROJECT RESOLUTION NO.
02-03 WITH RESPECT TO THE FINANCING OF
FACILITIES FOR MJW INVESTMENTS, INC. AND
636 MAPLE AVENUE INTERMODAL PARKING
STRUCTURE, LLC OR A RELATED ENTITY**

WHEREAS, on September 17, 2002, the Industrial Development Authority of the City of Los Angeles (the "Issuer") adopted Project Resolution No. 02-03 (the "Initial Resolution") for the benefit of MJW Investments, Inc. or a related or successor entity (the "Applicant") for the purpose of financing or refinancing (1) acquisition of real property and improvements located at 636 Maple Avenue, Los Angeles, California, (2) construction of a new 30,000 square foot parking structure pursuant to the provisions of the California Industrial Development Financing Act, being Title 10 of the California Government Code, as amended and supplemented (the "Act");

WHEREAS, the Applicant has notified the Issuer that there have been certain changes to the project and the Issuer's staff has determined that it would prudent to amend the Initial Resolution to more properly reflect the project;

WHEREAS, the Applicant has notified the Issuer that the name of the entity who will be the borrower for the financing will be "636 Maple Avenue Intermodal Parking Structure, LLC" or a related or successor entity (the "Borrower");

WHEREAS, the Borrower has notified the Issuer that the project now consists of the (1) purchase of a leasehold interest in the real property located at 636 Maple Avenue, Los Angeles, California (the "Project Site") from the Los Angeles County Metropolitan Transportation Authority, (2) design, development, construction and installation of a seven story commercial parking structure consisting of approximately 420 parking spaces and related facilities on the Project Site (the "Parking Facility"), and (3) payment of certain costs of issuance and capitalized interest with respect to the empowerment zone facility revenue bonds (the "Bonds") to be issued by the Issuer for the benefit of the Borrower (collectively, the "Project");

WHEREAS, pursuant to a Parking License Agreement between the Borrower and the City of Los Angeles, the Borrower will make available to the general public not less than 140 of the parking spaces in the Parking Facility on certain days and at certain times;

WHEREAS, the Issuer reasonably expects that tax-exempt and/or Bonds in an amount not expected to exceed \$8,500,000 will be issued to finance the costs of the Project and that certain of the proceeds of such tax-exempt and/or taxable Bonds will be used to reimburse the Borrower for certain costs of the Project; and

WHEREAS, Section 1.150-2 of the Treasury Regulations and Section 91530 of the Act require the Issuer to declare its reasonable official intent to reimburse costs of the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, the Board of Directors of the Industrial Development Authority of the City of Los Angeles does resolve as follows:

Section 1. The Board of Directors of the Issuer finds and determines that the foregoing recitals are true and correct.

Section 2. This Resolution is adopted solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations and Section 91530 of the Act. This Resolution does not bind the Issuer to make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3. The Initial Resolution is hereby modified in part to identify the Borrower and to modify the description of the Project as set forth in this Resolution. Except as modified by this Resolution, the Initial Resolution shall remain in full force and effect.

Section 4. The Board of Directors of the Issuer hereby reaffirms its official intent to use proceeds of the tax-exempt and/or taxable Bonds to reimburse the Borrower for the costs of the Project.

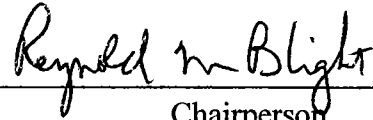
Section 5. In no event shall the Bonds constitute a pledge of the faith and credit of the City of Los Angeles (the "City"), the State of California (the "State") or any political corporation, subdivision or agency of the State, and none of the City, the State or any political corporation, subdivision or agency of the State shall be liable to make any appropriation for the repayment of the Bonds. The Bonds shall constitute a special, limited obligation of the Issuer payable solely from the revenues or other sources provided for in a loan agreement and proceedings to be provided for hereafter.

Section 6. All actions heretofore taken by the officers of the Issuer in connection with the financing of the Project are hereby ratified and confirmed. The Chairperson of the Board of Directors of the Issuer, all other officers of the Issuer and the General Manager of the Community Development Department of the City or his designee are hereby individually authorized to take any and all actions in connection with the financing of the Project and as may be necessary and consistent with the purposes of this Resolution.

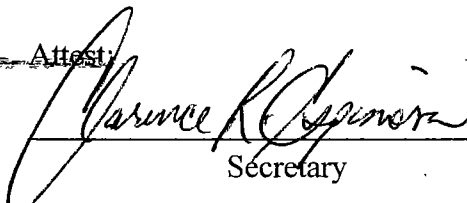
Section 7. This Resolution shall take effect from and after its adoption.

PASSED, APPROVED, AND ADOPTED at a meeting of the Board of Directors of the Industrial Development Authority of the City of Los Angeles on October 14, 2004, by the following vote:

AYES: 4
NOES: 0
ABSENT: 1
ABSTAIN: 1


Chairperson

Attest:


Secretary

PROJECT RESOLUTION NO. 06-03

**RESOLUTION OF THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE CITY OF LOS ANGELES AMENDING
PROJECT RESOLUTION NO. 02-03, AS AMENDED BY
PROJECT RESOLUTION NO. 05-03 WITH RESPECT TO
THE FINANCING OF FACILITIES FOR 636 MAPLE
AVENUE INTERMODAL PARKING STRUCTURE, LLC OR
A RELATED ENTITY**

WHEREAS, on September 17, 2002, the Industrial Development Authority of the City of Los Angeles (the "Issuer") adopted Project Resolution No. 02-03 (the "Initial Resolution") for the benefit of MJW Investments, Inc. or a related or successor entity (the "Applicant") for the purpose of financing or refinancing (1) acquisition of real property and improvements located at 636 Maple Avenue, Los Angeles, California, (2) construction of a new 30,000 square foot parking structure pursuant to the provisions of the California Industrial Development Financing Act, being Title 10 of the California Government Code, as amended and supplemented (the "Act");

WHEREAS, the Applicant has notified the Issuer that the name of the entity who will be the borrower for the financing will be "636 Maple Avenue Intermodal Parking Structure, LLC" or a related or successor entity (the "Borrower");

WHEREAS, the Borrower has notified the Issuer that the project now consists of the (1) purchase of a leasehold interest in the real property located at 636 Maple Avenue, Los Angeles, California (the "Project Site") from the Los Angeles County Metropolitan Transportation Authority, (2) design, development, construction and installation of a seven story commercial parking structure consisting of approximately 420 parking spaces and related facilities on the Project Site (the "Parking Facility"), and (3) payment of certain costs of issuance and capitalized interest with respect to the empowerment zone facility revenue bonds (the "Bonds") to be issued by the Issuer for the benefit of the Borrower (collectively, the "Project");

WHEREAS, on October 14, 2004, the Issuer adopted Project Resolution No. 05-03 (the "First Amendment," and together with the Initial Resolution, the "Amended Resolution") for the benefit of Applicant for the purpose of amending the Initial Resolution to more precisely describe the Borrower, the Project and the costs of the Project;

WHEREAS, the Borrower has notified the Issuer that there have been certain changes to the Project which have further increased the costs of the Project, and the Issuer's staff has determined that it would prudent to amend the Amended Resolution to reflect the increase in the amount of Bonds expected to be issued to finance the costs of the Project;

WHEREAS, the Issuer now reasonably expects that tax-exempt and/or taxable Bonds in an amount not expected to exceed \$11,000,000 will be issued to finance the costs of the Project and that certain of the proceeds of such tax-exempt and/or taxable Bonds will be used to reimburse the Borrower for certain costs of the Project; and

WHEREAS, Section 1.150-2 of the Treasury Regulations and Section 91530 of the Act require the Issuer to declare its reasonable official intent to reimburse costs of the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, the Board of Directors of the Industrial Development Authority of the City of Los Angeles does resolve as follows:

Section 1. The Board of Directors of the Issuer finds and determines that the foregoing recitals are true and correct.

Section 2. This Resolution (the "Second Amendment") is adopted solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations and Section 91530 of the Act. This Second Amendment does not bind the Issuer to make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3. The Amended Resolution is hereby modified in part to increase the amount of tax-exempt and/or taxable Bonds which will be issued to finance the costs of the Project from \$8,500,000 to \$11,000,000. Except as modified by this Resolution, the Amended Resolution shall remain in full force and effect.

Section 4. The Board of Directors of the Issuer hereby reaffirms its official intent to use proceeds of the tax-exempt and/or taxable Bonds to reimburse the Borrower for the costs of the Project.

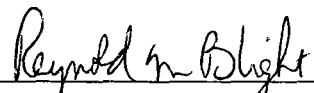
Section 5. In no event shall the Bonds constitute a pledge of the faith and credit of the City of Los Angeles (the "City"), the State of California (the "State") or any political corporation, subdivision or agency of the State, and none of the City, the State or any political corporation, subdivision or agency of the State shall be liable to make any appropriation for the repayment of the Bonds. The Bonds shall constitute a special, limited obligation of the Issuer payable solely from the revenues or other sources provided for in a loan agreement and proceedings to be provided for hereafter.

Section 6. All actions heretofore taken by the officers of the Issuer in connection with the financing of the Project are hereby ratified and confirmed. The Chairperson of the Board of Directors of the Issuer, all other officers of the Issuer and the General Manager of the Community Development Department of the City or his designee are hereby individually authorized to take any and all actions in connection with the financing of the Project and as may be necessary and consistent with the purposes of this Second Amendment and the Amended Resolution.

Section 7. This Second Amendment shall take effect from and after its adoption.

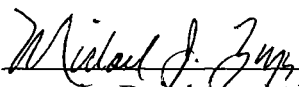
PASSED, APPROVED, AND ADOPTED at a meeting of the Board of Directors of the Industrial Development Authority of the City of Los Angeles on August 5, 2005, by the following vote:

AYES: 4
NOES: 0
ABSENT: 2
ABSTAIN: 0


Reynold M. Blight Chairperson

Attest:

MICHAEL J. YUZON, Assistant Secretary

By 
Community Development Department
Economic Development Division, Director

PROJECT RESOLUTION NO. 06-04

RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LOS ANGELES AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$11,000,000 AGGREGATE PRINCIPAL AMOUNT OF INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LOS ANGELES EMPOWERMENT ZONE FACILITY REVENUE BONDS, SERIES 2005 (SANTEE COURT PARKING FACILITY PROJECT) FOR THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN PROPERTY AND FACILITIES, PROVIDING THE TERMS AND CONDITIONS FOR THE SALE AND ISSUANCE OF SAID BONDS AND OTHER MATTERS RELATING THERETO AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS HEREIN SPECIFIED

WHEREAS, the California Industrial Development Financing Act (California Government Code Section 91500 et seq., as amended and supplemented) (the "Act"), permits an industrial development authority to issue revenue bonds for the purpose of financing the acquisition, construction and/or rehabilitation of facilities, including both real and personal property, suitable for industrial uses such as assembling, fabricating, manufacturing or processing activities with respect to any products of agriculture, forestry or manufacturing, as well as for commercial activities within an empowerment zone and enterprise community designated pursuant to Section 1391 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Industrial Development Authority of the City of Los Angeles (the "Authority") is authorized pursuant to the provisions of the Act to exercise powers of acquiring, constructing, improving, furnishing, equipping, repairing, reconstructing and/or rehabilitating facilities and to enter into agreements for the same; and

WHEREAS, the Board of Directors of the Authority, in its Project Resolution No. 02-03, adopted on September 17, 2002, as modified by Project Resolution 05-03, adopted on October 14, 2004 and Project Resolution 06-03, adopted on August 5, 2005, expressed its intention to issue empowerment zone facility bonds pursuant to the provisions of the Act for the benefit of 636 Maple Avenue Intermodal Parking Structure, LLC (the "Borrower"), for the purpose of financing the (1) acquisition of a leasehold interest in the real property located at 636 Maple Avenue, Los Angeles, California (the "Project Site"), (2) construction of improvements at the Project Site consisting of a seven-level parking garage containing approximately 420 parking spaces (the "Parking Facility") and (3) payment of capitalized interest and certain costs of issuance in connection with the bonds to be issued by the Authority (collectively, the "Project"); and

WHEREAS, pursuant to a Ground Lease, dated as of July 17, 2005 (the "Ground Lease"), the Los Angeles County Metropolitan Transportation Authority (the "MTA") has agreed to lease the Project Site to the Borrower for a term of seventy (70) years for the purpose of constructing the Parking Facility; and

WHEREAS, pursuant to a Development Agreement, dated as of July 17, 2005 (the "Development Agreement"), between the MTA and the Borrower, the Borrower has agreed to undertake the construction and installation of the Parking Facility on the Project Site; and

WHEREAS, pursuant to a Parking License Agreement (the "City License Agreement"), between the Borrower and the City of Los Angeles (the "City"), the Borrower has agreed to license not less than 140 parking spaces in the Parking Facility to the City for use by the general public pursuant to and in accordance with the terms and provisions of the City License Agreement; and

WHEREAS, pursuant to a Long Term Parking License, dated as of July 15, 2005 (the "Phase I License Agreement"), between the Borrower and SWA Acquisitions, Ltd., a Texas limited partnership (the "Phase I Owner"), the Borrower has agreed to license not less than 140 parking spaces in the Parking Facility to the Phase I Owner pursuant to and in accordance with the terms and provisions of the Phase I License Agreement; and

WHEREAS, the Authority, based on the information provided by the Borrower with respect to the Project, has made certain determinations with respect to the public benefits that may be derived from the financing of the Project and the qualifications of the Project for financing under the Act; and

WHEREAS, the Project constitutes "Facilities" within the meaning of the Act and the Borrower is a "Company" within the meaning of the Act; and

WHEREAS, the California Industrial Development Financing Advisory Commission has made all necessary findings and determinations and given all necessary approvals as required by the Act preliminary to the adoption of this Resolution; and

WHEREAS, pursuant to the Community Renewal and New Markets Act of 2000 (the "New Markets Act"), the federal government expanded the tax incentives available to businesses in the portion of the City of Los Angeles designated as a federal empowerment zone (the "Los Angeles Empowerment Zone"); and

WHEREAS, pursuant to the New Markets Act, among the tax incentives conferred upon the City is the ability to issue up to \$230 million in tax-exempt empowerment zone facility bonds (the "Empowerment Zone Ceiling") to make loans to qualifying business borrowers to finance the cost of certain commercial, retail, industrial or other facilities qualifying as "enterprise zone facilities" as that term is defined in Section 1394 of the Code; and

WHEREAS, \$13,200,000 of the City's Empowerment Zone Ceiling has been used as of the date of this Resolution; and

WHEREAS, the Project is located within the Los Angeles Empowerment Zone; and

WHEREAS, the Authority applied for an amount of City's Empowerment Zone Ceiling to be allocated to the issuance of bonds by the Authority for the Borrower (the "Allocation"); and

WHEREAS, for purposes of financing the costs of the Project, the Authority now desires (i) to authorize the issuance of its Empowerment Zone Facility Revenue Bonds, Series 2005 (Santee Court

Parking Facility Project) (the "Bonds"), in an aggregate principal amount not to exceed \$11,000,000, (ii) to provide for the sale of the Bonds, (iii) to provide for the payment of the principal of, premium, if any, and interest on the Bonds with revenues derived from the loan of proceeds of the sale of the Bonds (except for any amount representing accrued interest on the Bonds) to the Borrower to finance the costs of the Project pursuant to the terms and provisions of a loan agreement and (iv) to take and authorize certain other actions in connection with the foregoing; and

WHEREAS, the payment of the principal of and interest on the Bonds will be insured by a financial guaranty insurance policy to be issued by ACA Financial Guaranty Corporation; and

WHEREAS, in addition to the proceeds of the Bonds, the City has agreed to contribute and loan the Borrower additional funds for the Project (the "City Funds"); and

WHEREAS, there has been presented to this meeting and is now on file with the Secretary of the Authority the following:

- 1) A proposed form of the Loan Agreement (the "Loan Agreement"), to be entered into by and between the Authority and the Borrower;
- 2) A proposed form of the Indenture of Trust (the "Indenture"), to be entered into between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"), providing for the authorization and issuance of the Bonds to be dated the date of delivery thereof;
- 3) A proposed form of the Purchase Contract (the "Purchase Contract"), to be entered into between the Authority and Oppenheimer & Co. Inc. (the "Underwriter"), and approved by the Borrower;
- 4) A proposed form of the Tax Regulatory Agreement (the "Tax Regulatory Agreement"), to be entered into by and among the Authority, the Borrower and the Trustee;
- 5) A proposed form of the Preliminary Official Statement (the "Preliminary Official Statement") to be used by the Underwriter in connection with the offering and sale of the Bonds;
- 6) A proposed form of the Empowerment Zone Facility Compliance Agreement (the "Compliance Agreement"), to be entered into by and among the Authority, the Borrower and the City; and

- 7) A proposed form of the Ground Lease Assignment Agreement (the "Ground Lease Assignment Agreement"), to be entered into by and among the Borrower, the Authority and the MTA pursuant to which the Borrower collaterally assigns its interest in the Ground Lease as security for the Bonds; and
- 8) A proposed form of the Development Agreement Assignment Agreement (the "Development Agreement Assignment Agreement"), to be entered into by and among the Borrower, the Authority and the MTA pursuant to which the Borrower collaterally assigns its interest in the Development Agreement as security for the Bonds; and
- 9) A proposed form of the City Parking License Assignment Agreement (the "City License Assignment Agreement"), to be entered into by and among the Borrower, the Authority and the City pursuant to which the Borrower collaterally assigns its interest in the City License Agreement as security for the Bonds; and
- 10) A proposed form of the Phase I License Assignment Agreement (the "Phase I License Assignment Agreement"), to be entered into by and among the Borrower, the Authority and the Phase I Owner pursuant to which the Borrower collaterally assigns its interest in the Phase I License Agreement as security for the Bonds;
- 11) A proposed form of Deed of Trust Assignment Agreement (the "Deed of Trust Assignment Agreement"), to be entered into by and between the Authority and the Trustee with respect to the Construction and Leasehold Deed of Trust, Assignment of Rents and Security Agreement Filing to be executed by the Borrower for the benefit of the Authority; and
- 12) A proposed form of the Funding Agreement (the "Funding Agreement"), to be entered by and among the Borrower, the Authority, the City and the Trustee with respect to the disbursement of the City Funds for the Project.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Industrial Development Authority of the City of Los Angeles as follows:

Section 1. The Board of Directors of the Authority finds and determines that the recitals set forth herein are true and correct.

Section 2. The form of the Loan Agreement presented at this meeting is hereby approved and the Chairperson or Vice Chairperson of the Authority is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Loan Agreement, and the Secretary or an Assistant Secretary of the Authority is authorized to attest thereto, with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The Authority further authorizes and approves the loan of the proceeds of the Bonds (except any amount representing accrued interest on the Bonds) to the Borrower in order to finance the cost of the Project pursuant to the terms and provisions of the Loan Agreement.

Section 3. The form of the Indenture presented at this meeting is hereby approved and the Chairperson or Vice Chairperson of the Authority is hereby authorized and empowered to execute by manual or facsimile signature and deliver to the Trustee the Indenture, and the Secretary or an Assistant Secretary of the Authority is authorized to attest thereto, with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 4. The form of the Purchase Contract presented at this meeting is hereby approved and the Chairperson or Vice Chairperson of the Authority is hereby authorized and empowered to execute and deliver the Purchase Contract, and the Secretary or an Assistant Secretary of the Authority is authorized to attest thereto, with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The maximum term of the Bonds shall not exceed twenty-four (24) years and the payments of principal of, premium, if any, and interest on the Bonds shall be payable out of loan repayments received by the Issuer from the Borrower pursuant to the Loan Agreement and payments by the City pursuant to the City License Agreement. In connection with the negotiation, execution and delivery of the Purchase Contract, the Chairperson or the Vice Chairperson is further authorized and directed to, along with a representative of the City, negotiate the price, interest rates, discount provisions, dates, maturity dates, principal amounts and prepayment provisions with respect to the Bonds, and is authorized to negotiate any and all other terms and agreements relating to the issuance and delivery of the Bonds, all to be conclusively evidenced by the execution and delivery of the Purchase Contract; *provided, however*, that the maximum interest rate with respect to the Bonds shall not exceed eight percent (8%) per annum and provided further that the maximum aggregate underwriter's discount (excluding original issue discount, if any, from the principal amount of the Bonds) shall not exceed two percent (2.00%) of the aggregate principal amount of the Bonds.

Section 5. The form of the Tax Regulatory Agreement presented at this meeting is hereby approved and the Chairperson or Vice Chairperson of the Authority is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Tax Regulatory Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 6. The form of the Preliminary Official Statement presented at this meeting is hereby approved. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement in connection with the sale of the Bonds with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The preparation and delivery of a final Official Statement ("Official Statement"), and its use by the Underwriter in connection with the sale of the Bonds, is hereby approved. The Official Statement shall be in the form of the Preliminary Official Statement with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The Chairperson or the Vice Chairperson of the Authority is hereby authorized and empowered to execute the Official Statement. The Underwriter is hereby authorized to distribute copies of the Official Statement to the

purchasers of the Bonds.

Section 7. The form of the Compliance Agreement presented at this meeting is hereby approved and the Chairperson or Vice Chairperson of the Authority is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Compliance Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 8. The form of the Ground Lease Assignment Agreement presented at this meeting is hereby approved and the Chairperson or Vice Chairperson of the Authority is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Ground Lease Assignment Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 9. The form of the Development Agreement Assignment Agreement presented at this meeting is hereby approved and the Chairperson or Vice Chairperson of the Authority is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Development Agreement Assignment Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 10. The form of the City License Assignment Agreement presented at this meeting is hereby approved and the Chairperson or Vice Chairperson of the Authority is hereby authorized and empowered to execute by manual or facsimile signature and deliver the City License Assignment Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 11. The form of the Phase I License Assignment Agreement presented at this meeting is hereby approved and the Chairperson or Vice Chairperson of the Authority is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Phase I License Assignment Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 12. The form of the Deed of Trust Assignment Agreement presented at this meeting is hereby approved and the Chairperson or Vice Chairperson of the Authority is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Deed of Trust Assignment Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 13. The form of the Funding Agreement presented at this meeting is hereby approved and the Chairperson or Vice Chairperson of the Authority is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Funding Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 14. The Authority approves the issuance on a tax-exempt basis of not to exceed \$11,000,000 aggregate principal amount of the Bonds for the Project in accordance with the terms of and to be secured by the Indenture. Payment of the principal of, premium, if any, and the interest on, the Bonds shall be made solely from the revenues to be received by the Authority pursuant to the Loan Agreement and Indenture, and said Bonds shall not be deemed to constitute a debt or liability of the Authority, the City, the State of California or any political subdivision thereof. The Chairperson or Vice Chairperson of the Authority is hereby authorized and directed to execute, in the name and on behalf of the Authority, by manual or facsimile signature, the Bonds, and the Secretary or an Assistant Secretary of the Authority is hereby authorized and directed to attest, by manual or facsimile signature, thereto in an aggregate principal amount not to exceed \$11,000,000 in accordance with the Indenture and in the form set forth in the Indenture. The Bonds shall bear interest at the rates to be determined in accordance with the Indenture.

Section 15. The Bonds, when so executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate and register the Bonds so delivered by executing the appropriate Certificate of Authentication and Registration appearing thereon, and to deliver the Bonds, when duly executed, authenticated and registered, to the Underwriter in accordance with written instructions executed on behalf of the Authority by the Chairperson or Vice Chairperson of the Authority which instructions said officer is hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the Underwriter upon payment of the purchase price therefor.

Section 16. The Authority hereby allocates the Allocation in the amount not to exceed \$11,000,000 to the Bonds. The amount of Allocation in excess of the amount of the Bonds issued and sold pursuant to Section 13 hereof, if any, shall automatically revert to the City. The Secretary or Assistant Secretary of the Authority is authorized and directed to file or cause to be filed on the Authority's behalf, within the time periods required by the City, the required notices to the City.

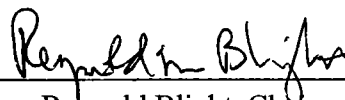
Section 17. The Chairperson or Vice Chairperson of the Authority, and the officers of the Authority and their authorized designees, deputies and agents, are authorized to execute all documents, certificates and instruments necessary or appropriate to this transaction and the issuance of the Bonds.

Section 18. All actions heretofore taken by the officers and agents of the Authority with respect to the approval, issuance and sale of the Bonds are hereby approved, confirmed and ratified, and the officers of the Authority and their authorized designees, deputies and agents are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all certificates and documents which they or bond counsel may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution.

Section 19. This Resolution shall take effect from and after its adoption.

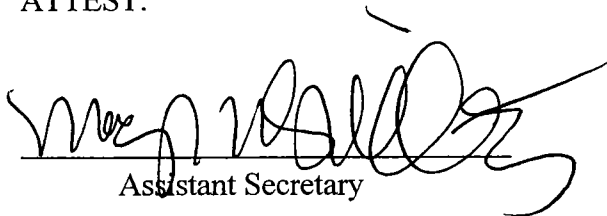
PASSED AND ADOPTED at a meeting of the Industrial Development Authority of the City of Los Angeles on September 8, 2005, by the following vote:

| | |
|----------|---|
| AYES: | 4 |
| NOES: | 0 |
| ABSENT: | 2 |
| ABSTAIN: | 0 |



Reynold Blight, Chairperson

ATTEST:


Assistant Secretary

REPORT OF THE CHIEF LEGISLATIVE ANALYST

September 13, 2005

TO: Honorable Members of Transportation, and Housing, Community and Economic Development and Committees

FROM: Gerry F. Miller 
Chief Legislative Analyst

VARIOUS ACTIONS RELATIVE TO 636 MAPLE AVENUE INTERMODAL PARKING STRUCTURE

SUMMARY:

The Department of Transportation (DOT) requests City Council to concur with Transportation Commission recommendations authorizing DOT to enter into a Parking Licensing Agreement with 636 Maple Avenue Multi-Modal Parking Structure, LLC, to lease 140 parking spaces for public usage for a 30 year term; and to use funds from the Special Parking Revenue Fund to make annual payments to the Developer to lease the 140 parking spaces for use by the public during specified hours of operation as described in the Parking Licensing Agreement (Attachment 1 - DOT transmittal).

Concurrently, the Community Development Department (CDD) is seeking adoption of the attached Resolution (Attachment A) authorizing the issuance of up to \$11 million in tax-exempt and taxable Empowerment Zone Facility Bonds (EZ Bonds). The issuer of the EZ Bonds is the Los Angeles Industrial Development Authority (IDA). The 636 Maple Avenue Intermodal Parking Structure, LLC, (project) or related entity (Borrower) proposes to enter into a 70 year ground lease with the Metropolitan Transportation Authority (MTA) to construct a seven floor parking structure at 636 Maple Avenue (project site). The structure will contain 420 parking spaces of which 140 will be assigned as public parking. The parking structure is located in the Downtown Fashion District, in the Ninth Council District and will provide parking to patrons and tenants in the area.

Additionally, CDD requests authority to: (1) utilize \$1,500,000 of previously approved Urban Development Action Grant (UDAG) and \$500,000 in Block Grant Investments Fund (BGIF) to assist with project financing; and (2) implement two grants awarded to the City specifically earmarked for this project; \$1,092,850 Small Business Administration (SBA) and \$49,500 from the California Pollution Control Financing Authority to finance the project.

SEP 14 2005 **TRANSPORTATION**

 **HOUSING, COMMUNITY &
ECONOMIC DEVELOPMENT**

670

ECONOMIC DEVELOPMENT
HOUSING COMMUNITY
CITY CLERK'S OFFICE

TRANSPORTATION

2005 SEP 14 AM 8:50

CITY CLERK
BY vm DEPUTY

Project Financing

The estimated total project cost is \$13.8 million (Attachments B). Approximately 74% of the project is financed with the EZ Bonds and additional financing is from various City and grant sources 11% UDAG, 8% SBA Grant, 4% BGIF, 2% and the balance from Borrower equity 2% and 1% interest earnings. The Borrower plans to use operating revenues as the primary source of repayment.

As proposed, the City's Special Parking Revenue Fund (SPRF) will provide annual contribution of \$360,000 for twenty (20) years towards debt servicing on the bond payments. These monies will be repaid annually over the next twenty six (26) years and in exchange, the City will receive one third, or 140, parking spaces for use by the public during normal business hours Monday through Saturday for 30 years. The City will not own or construct the structure, as such, there will be no cost overrun risk to the City. The SPRF will also capture revenue off the housing to ensure repayment.

The borrower will be underwritten by Oppenheimer and Co., Inc., a private investment firm in Minneapolis, MN. The bonds are enhanced by a bond insurance policy from ACA Financial Guaranty Corporation in New York and will be sold in \$5,000 increments. Repayment will be made over approximately a 20 year period, with an 18 month capitalized interest period.

A \$500,000 loan in BGIF for this project will be used to pay for soft costs. The loan will have a repayment term of 20 years, simple interest only at 5.5% during the first four (4) years, aggregate interest payments deferred until year 20 when due and retired with the final principal and interest payment. Principal will be amortized over the remaining 16 years at 5.5% compounding interest. Equal monthly Principal and Interest payments of approximately \$2,922 each will commence in year 5. There will be no prepayment penalty associated with this loan. The loan may be renewable and/or transferable subject to City Council approval. Additionally, the City will obtain a Letter of Credit covering the annual BGIF debt service (approx. \$47,000) and a personal guaranty.

On August 15, 2003 (CF: 03-1473) the Council allocated \$1.5 million in Produce Market proceeds to be utilized to assist the 636 Maple Avenue parking structure (formerly known as Santee Court project). These funds will be used to fund the bond insurance premium and fee and construction cost. The CDD is currently reviewing the HUD regulations to ensure that these funds may be used for this project.

The City has also been awarded an SBA grant in the amount of \$1,092,850. The award was made to the City specifically for a parking facility in Downtown to assist in business development. As currently proposed the funds will be used to pay for the ground lease and soft cost. The CDD and CLA have been in constant communication with SBA and have submitted final budget for approval. City staff anticipates approval within the next couple of weeks. In that to date the City has not received final approval from the SBA, we recommend that the EZ bonds not be issued for this project until the City receives SBA approval. Additionally, to expedite the project we recommend that CDD and CLA be authorized to make technical changes relative to the current sources and uses, as necessary subject to SBA response on final budget.

Project Description:

The \$13.8 million project has the following components:

1. Purchase of a leasehold interest in the real property located a 636 Maple Avenue from the MTA;
2. Design, development, construction and installation of a seven story commercial parking structure consisting of approximately 420 parking spaces and related facilities on the Project Site;
3. Payment of certain costs of issuance and capitalized interest with respect to the empowerment zone facility revenue bonds to be issued for the benefit of the project.
4. Pursuant to the Parking Licensing Agreement between the Borrower and the City of Los Angeles, the Borrower will make available to the general public not less than 140 of the parking spaces in the Parking Facility on certain days and at certain times

The project consists of construction of a seven-story concrete parking structure on approximately 31,000 sq. ft. of land located within the City's Federal Empowerment Zone. The proposed structure will provide a staging area for MTA buses on the ground floor, and 420 parking spaces on the second through seventh floors. The structure will be a secure, 24-hour facility serving the fashion district patrons and tenants in the adjacent residential development. The project will provide significant benefits to the fashion district area and downtown as a whole by alleviating significant parking shortages in the area.

The structure will be constructed on land currently owned and operated by the Metropolitan Transit Authority (MTA) as a bus staging area. On July 25, 2002, the MTA Board of Directors approved a 70-year ground lease with the developer. Subsequently, a Ground Lease and Development Agreement have been executed with MTA. The Agreements require a \$600,000 Ground Lease payment to be deposited in an escrow account, and construction to commence by October 1, 2005, with completion no later than December 31, 2006. Failure to comply will result in MTA's ability to regain the property rights for lease to other interested parties.

In order to maximize community involvement in the planning, development and use of area resources to ensure low to moderate income individuals residing in the area benefit from the development, the developer worked with City staff and the Council District to establish a pre-apprenticeship program. MJW has entered into an MOU with the Westlake Workforce Center to establish a pre-apprenticeship program with the following components: (1) a mechanism whereby low-income individuals will receive job training in the precise skills requested by the developer; (2) a hiring policy which targets qualified individuals; (3) a system for prompt referral of applicants as jobs become available and (4) an At Risk Youth Apprentice Program. The developer anticipates creating 58 jobs at this site. The program however may be expanded to other construction projects in the area.

Public Hearings

The Internal Revenue Tax Code (section 147 (f)) requires that a public hearing be held to allow for the public to voice any objections to the project. The City conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing on June 28, 2005. The TEFRA notice was published in the Metropolitan News on December 3, 2003. CDD reports that neither verbal comments or written remarks from the public were made regarding the Borrower's project. On September 30, 2004, the Citizens Unit for Participation (CUP) also considered the project for public comments. The CUP has recommending authority over the BGIF loan request.

The City's Debt Management Policy stipulates that the proposed financing must have a public benefit to the residents of the City to merit its support of the financing. In this case, the borrower anticipates creating 28 new living wage positions at the site. The employer will provide employment opportunities to residents living in the vicinity of the project site and has established an At Risk Youth Apprentice Program with Westlake Worksource Center.

The proposed actions comply with the City Financial Policies concerning debt financing. The recommended actions do not affect the City debt limit. There are no General Fund obligations and the City bears no financial responsibility for repayment of the EZ bonds.

RECOMMENDATIONS:

That the City Council,

1. Concur with the recommendations of the Board of Transportation Commissioners, with specified modifications, to; (a) approve and authorize Department of Transportation (DOT) to enter into a Parking Licensing Agreement with the Developer, MJW Investments, to lease 140 parking spaces in the 636 Maple Avenue Intermodal Parking Structure for 30 years and; (b) to use monies from the Special Parking Revenue Fund to make annual lease payments for 20 years to the Developer for the use of the 140 parking spaces over 30 years as described in the Parking Licensing Agreement, DOT transmittal dated September 6, 2005 (CF: 03-1223).
2. Find that the: (1) subject project is necessary and appropriate to accomplish the City's community and economic development objectives; (2) project has been reviewed the environmental records in this matter and find that the 636 Maple Avenue Intermodal Parking Structure project will have no significant impact on the environment; (3) that the 636 Maple Avenue Intermodal Parking Structure project meets a National Objective of the Housing and Community Development Act and is necessary and appropriate to accomplish the City's economic development objectives;
3. Adopt the attached Resolution (Attachment A) relative to the issuance of tax-exempt and taxable Empowerment Zone (EZ) Facility revenue Bonds by the Los Angeles Industrial Development Authority in an amount not to exceed \$11 million for the benefit of 636 Maple Avenue Intermodal Parking Structure project; and instruct staff not to proceed with the issuance of the EZ bonds until the City is in receipt of final approval of the SBA budget.

4. Approve, subject to the approval of the Mayor, the : (1) transfer of \$11,000,000 of the City's \$230,000,000 Empowerment Zone allocation to the Industrial Development Authority (IDA); (2) use of previously awarded grant funds, \$1,092,850 Small Business Administration (SBA) and a \$49,500 from the State Pollution Control Authority; (3) use of \$1,500,000 in previously approved Urban Development Action Grant (UDAG) and a \$500,000 Block Grant Investment Fund (BGIF) loan within the Community Development Block Grant to assist the 636 Maple Avenue Intermodal Parking Structure, LLC or a related entity;.
5. Authorize the General Manager of the Community Development Department (CDD), to
 - a. Prepare and submit an application to the California Industrial Development Finance Advisory Commission (CIDFAC) for its review; and
 - d. Negotiate and execute all Empowerment Zone bonds, Small Business Administration, UDAG and BGIF/Loan documents and any other ancillary agreements required for issuance of the Bonds and extension of the grants and loan. Such documents shall be reviewed by the City Attorney and Bond Counsel to the Industrial Development Authority (IDA) as to form and legality; and
 - c. 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 City Administrative Officer (CAO) and instruct the Controller to implement these instructions.
6. Authorize the Controller to:
 - a. Establish new account Y701 636 Maple Street and appropriate \$1,500,000 within UDAG Miscellaneous Revenue Fund #356 and expend funds upon proper demand of the General Manager of CDD.
 - b. Expend funds in an amount not to exceed \$500,000 from account W245 Block Investment Fund within the Community Development Block Grant #424.
 - c. Establish an interest-bearing fund titled SBA CDD Programs to be administered by CDD.
 - d. Establish a new account Y701 636 Maple Street and appropriate \$1,092,850 within the newly established Fund and expend funds upon proper demand of the General Manager of CDD.
7. Relative to the SBA grant funds, authorize CDD and CLA to make technical changes relative to the current sources and uses, as necessary, subject to SBA approval on final budget.
8. Relative to the California Pollution Control Grant, request the Mayor's Office to negotiate with the developer to determine the options available for installation of solar panels for the project, and instruct CDD and CLA to make the necessary technical amendments to the Source and Uses once a determination has been made.

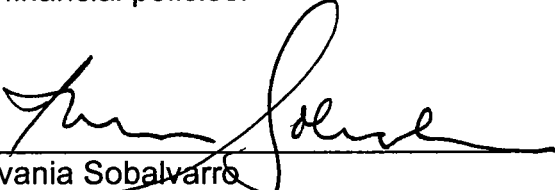
9. Relative to the UDAG funds, in the event that the project is ineligible, we recommend that staff be authorized to identify an alternate source of funds that may be used or exchanged, prepare controller instructions and request controller to implement the instructions to meet the intent of this action.

Fiscal Impact Statement

There is no General Fund impact to the City from the proposed bond financing. Proceeds derived from the bonds are generated from private investor capital and require no pledge of public funds for their backing or security. The primary source of repayment will be the operating income of the Borrower. The City does not provide funds in these bonds, and under the structure and terms of the bond financing, will not bear any financial responsibility for repayment of the bonds under any circumstances. SBA Grant, UDAG and CDBG (BGIF) funds will be extended to the project to cover construction and soft costs associated with the project. These are grant funds that do not impact the General Fund.

There will be a long-term impact to the Special Parking Revenue Fund (SPRF). Annual lease payments of \$360,000 are proposed over 20 years of the 30-year term for a total of \$7.2 million. The lease payments coincide with the 20-year debt service on the Empowerment Zone Bonds and assure partial coverage of annual debt service payments over 20 years of the 30-year term. It is anticipated that the SPRF will be fully reimbursed its investment of \$7.2 million and will earn an additional \$3.2 million by the end of the 30-year term. The revenue projections are supported by a parking study prepared by Walker Parking Consultants which analyzed parking patterns in the area. Further, the revenue projections were approved by Bond Counsel and incorporated in the final bond documents.

The recommendations comply with City's financial policies.


Ivania Sobalvarro
Legislative Analyst

Attachments:

Attachment A: Resolution
Attachment B: Sources and Uses

Background/ Funding Sources

Empowerment Zone Bonds (EZ Bonds)

On January 1, 2000, Los Angeles was designated as a U.S. Department of Housing and Urban Development Empowerment Zone (EZ), an economic development program that carries special tax incentives and bond provisions to encourage private investment. Los Angeles is eligible for \$230 million in tax-exempt facility revenue bonds for qualified projects located within the EZ. The current authority is estimated at \$13.2 million. The EZ Bonds are a type of tax-exempt bond created to encourage businesses that are located in the EZ to expand or develop new facilities. The Borrower's project represents the City's fourth transaction utilizing its allocation of EZ Bonds.

LADOT Special Parking Revenue Funds / Parking Licensing Agreement

In March 2003, the Council allocated \$3 million in SPRF to assist the project with a shortfall and to secure public parking. The Council instructed DOT and Controller to establish new accounts and transfer funds as necessary. Subsequent to this action, financing for the project increased due to the increase in construction cost and expenses associated with securing EZ bond financing. The SPRF will instead be utilized to make bond payments of \$360,000 over a 20 year period for a total of \$7.2 million and would begin receiving reimbursement from projected revenues on the lease payments by year three (3). The Parking Licensing Agreement allows the City to participate in any project revenue (excess profits) based on the pro forma projecting a total development cost of \$13.8 million (DOT Transmittal). Over 20 years SPRF could earn \$3.2 million above the initial \$7.2 million investment over the 30 year term. Project expenditures would be monitored through a post construction audit. SPRF's contribution is secured by a \$450,000 Letter of Credit, to be shared with the bond holders.

At its October 14, 2004 meeting, the Board of Transportation Commissioners considered and approved, as amended, the recommendations of the DOT staff to (1) enter into a Parking Licensing Agreement with 636 Maple Avenue Intermodal Parking Structure, LLC (a subsidiary of MJW Investments) to lease 140 parking spaces for public usage for a 30 year term; and (2) use funds from the Special Parking Revenue Fund to make annual payments to the Developer to lease the 140 parking spaces for use by the public during specified hours of operation as described in the Parking Licensing Agreement. Tenants in the adjacent residential development have access to these spaces during evening hours and overnight, but must vacate in time for the 140 spaces to become available for public parking per terms and conditions outlined in the Licensing Agreement between the Borrower and DOT. The remaining 280 parking spaces will be used by the tenants on a monthly pass purchase basis.

The Parking Licensing Agreement dictates the terms relative to the City's participation in the projects design, management and operations, operating hours, rates, parking access and revenue control equipment, and maintenance and repair. The Agreement establishes the Maple Avenue Parking Fund into which all revenues for the project will be deposited and distributed. The revenues will be applied by the Licensor or Trustee on behalf of the Licensor as follows in order of priority: On a monthly basis: City Parking Occupancy Tax, Operating Costs, Debt Service and Operating Reserve Fund Deposit; Semiannually: Reserve Fund and BGIF loan and Annually: Rebate Fund Deposit, Reimbursement of License Fees and Disbursement of Excess Revenues. The Agreement contains all the City requirements.

Additional information relative to the project financing is provided in the DOT transmittal dated September 6, 2005. To date all Transportation Board Commission concerns have been addressed in the Parking Licensing Agreement.

Urban Development Action Grant (UDAG)

On August 15, 2003 (CF: 03-1473) the Council allocated \$1.5 million in Produce Market proceeds to be utilized to assist the 636 Maple Avenue parking structure (formerly known as Santee Court project). The monies will be utilized to fund soft cost and construction materials. The CDD is currently reviewing the HUD regulations to ensure that these funds can be used for this project. In the event that the project is ineligible, we recommend that staff be authorized to identify an alternate source of funds that may be used or exchanged, prepare controller instructions and request controller to implement the instructions to meet the intent of this action.

In order to maximize community involvement in the planning, development and use of area resources to ensure low to moderate income individuals residing in the area benefit from the development, the developer has entered into an MOU with the Westlake Workforce Center to establish a pre-apprenticeship program with the following components: (1) a mechanism whereby low-income individuals will receive job training in the precise skills requested by the developer; (2) a hiring policy which targets qualified individuals; (3) a system for prompt referral of applicants as jobs become available and (4) an At Risk Youth Apprentice Program. The developer anticipates creating 28 jobs at this site. The program however may be expanded to other construction projects in the area.

Block Grant Investment Fund (BGIF)

The BGIF are CDBG funds earmarked to assist selective public investments in catalytic commercial and industrial projects to leverage significant private sector investment. The fund was designed to provide the necessary gap financing for projects which cannot be carried by the project's private sector cash flows, specifically in targeted areas of the City. In October 2003 (CF: 03-1223-s1) Council Motion (Perry-Garcetti) was introduced requesting the BGIF working group to review the project for eligibility, on February 6, 2004 the BGIF working group reviewed the project and determined that it met the BGIF policy criteria. The \$500,000 loan will be used to pay for soft costs and will have a repayment term of 20 years, simple interest only at 5.5% during the first four (4) years, aggregate interest payments deferred until year 20 when due and retired with the final principal and interest payment. Principal will be amortized over the remaining 16 years at 5.5% compounding interest. Equal monthly Principal and Interest payments of approximately \$2,922 each will commence in year 5. There will be no prepayment penalty associated with this loan. The loan may be renewable and/or transferable subject to City Council approval. Additionally, the City will obtain a Letter of Credit covering the annual BGIF debt service (approx. \$47,000) and a personal guaranty.

U.S Small Business Administration (SBA)

In Fiscal Year 2003, Congresswoman Lucille Roybal-Allard secured a Congressionally Mandated Award in the amount of \$1,092,850. The funds were awarded to the City specifically for a parking facility in Downtown to assist in business development. On Dec. 18, 2003 (CF: 03-1223) the Council authorized the Mayor's Office of Economic Development and the Chief

Legislative Analyst to submit, accept and execute the necessary documents on behalf of the City. Subsequently, the Mayor's Office transferred grant administration to CDD. The CDD and CLA have been in constant communication with SBA and have submitted final budget for approval. In that to date the City does not have final approval from the SBA and staff anticipates an approval from SBA within the next couple of weeks, we recommend that the bonds not be issued for this project until the City receives a determination from the SBA. Additionally, to expedite the project we recommend that CDD and CLA be authorized to make technical changes relative to the current sources and uses, as necessary subject to SBA response on final budget.

California Pollution Control Financing Authority/ Solar Panels

The City was awarded a Sustainable Communities Grant and Loan Program grant in the amount of \$350,000 for the 7th Street Transit/ Pedestrian 24-Hour Safe Passage Project. The grant included \$49,500 to help fund a mechanism to provide solar power (solar panels) to the street lights on 7th street. Additionally, a match of \$100,000 is provided as a match for the solar panels by bond proceeds. The Mayor's Office administers this grant and is currently in negotiations with the developer relative to the implementation of the solar panels, in that the costs may be prohibitive. We recommend that staff be authorized to make technical changes relative to the sources and uses once a determination relative to the solar panels is made.

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF LOS ANGELES**

APPROVING THE ISSUANCE BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LOS ANGELES OF NOT TO EXCEED \$11,000,000 AGGREGATE PRINCIPAL AMOUNT OF THE AUTHORITY'S EMPOWERMENT ZONE REVENUE BONDS SERIES 2005 (SANTEE COURT PARKING FACILITY PROJECT) FOR THE BENEFIT OF 636 MAPLE AVENUE INTERMODAL PARKING STRUCTURE, LLC, AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS RELATING TO A PARKING LICENSE AND PAYMENTS FROM THE CITY'S SPECIAL PARKING REVENUE FUND, AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to the Community Renewal and New Markets Act of 2000 (the "Act"), the federal government expanded the tax incentives available to businesses in the portion of the City of Los Angeles ("City") designated as a federal empowerment zone (the "Los Angeles Empowerment Zone"); and

WHEREAS, pursuant to the Act, among the tax incentives conferred upon the City is the ability to issue up to \$230 million in tax-exempt empowerment zone facility bonds (the "Empowerment Zone Ceiling") to make loans to qualifying business borrowers to finance the cost of certain commercial, retail, industrial or other facilities qualifying as "enterprise zone facilities" as that term is defined in Section 1394 of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, \$13,200,000 of the City's Empowerment Zone Ceiling has been used as of the date of this Resolution; and

WHEREAS, the Industrial Development Authority of the City of Los Angeles (the "Authority") has accepted an application from 636 Maple Avenue Intermodal Parking Structure, LLC (the "Borrower") requesting the Authority to issue its empowerment zone revenue bonds pursuant to the California Industrial Development Financing Act, being Title 10 of the California Government Code, as supplemented and amended (the "Act"), to finance the (1) acquisition of a leasehold interest in the real property located at 636 Maple Avenue, Los Angeles, California (the "Project Site"), (2) construction of improvements at the Project Site consisting of a seven-level parking garage containing approximately 420 parking spaces (the "Parking Facility") and (3) payment of capitalized interest and certain costs of issuance in connection with the bonds to be issued by the Authority (collectively, the "Project"); and

WHEREAS, the Board of Directors of the Authority, in its Project Resolution No. 02-03, adopted on September 17, 2002, as modified by Project Resolution 05-03, adopted on October 14, 2004

and Project Resolution 06-03, adopted on August 5, 2005, expressed its intention to issue empowerment zone facility bonds pursuant to the provisions of the Act in an aggregate principal amount not to exceed \$11,000,000 for the benefit of the Borrower; and

WHEREAS, the Authority proposes to issue its Empowerment Zone Facility Revenue Bonds, Series 2005 (Santee Court Parking Facility Project) (the "Bonds") in an aggregate principal amount not to exceed \$11,000,000 to finance the costs of the Project; and

WHEREAS, the City desires to provide additional off-street public parking in and around the Parking Facility to better serve local businesses and promote economic development in the City and has agreed to assist the Borrower in the development and operation of the Parking Facility; and

WHEREAS, pursuant to a Parking License Agreement (the "City License Agreement"), between the Borrower and the City, the Borrower has agreed to license not less than 140 parking spaces in the Parking Facility to the City for use by the general public pursuant to and in accordance with the terms and provisions of the City License Agreement; and

WHEREAS, pursuant to the City License Agreement, the City will make certain payments (the "City License Fees") to the Borrower in consideration for the City Parking License; and

WHEREAS, the Borrower will assign all of its rights under the City License Agreement, including the right to receive the City License Fees, to the Authority who will in turn assign all of such rights to the Trustee pursuant to a City Parking License Assignment Agreement (the "City License Assignment Agreement"), by the Borrower and the Authority and acknowledged by the City, as security for the payment of a portion of the Borrower's obligations under the loan agreement to be entered into with the Authority; and

WHEREAS, the City License Fees will be paid from the City's Special Parking Revenue Fund, established pursuant to Section 5.117 of the Administrative Code of the City (the "Special Parking Revenue Fund"), in accordance with the terms and provisions set forth herein; and

WHEREAS, the payment of the City License Fees will be junior and subordinate to the lien on and security interest in the parking revenues and other assets of the Special Parking Revenue Fund granted to secure the City's outstanding parking revenue bonds; and

WHEREAS, the Authority has made the determinations required to be made pursuant to Section 91530 of the Act preliminary to the issuance by the Authority of the Bonds; and

WHEREAS, the Borrower has requested that the City designate the Authority as an issuer of a portion of the City's Empowerment Zone Ceiling for the purpose of issuing the Bonds to finance the Project for the benefit of the Borrower; and

WHEREAS, the Council of the City (the "Council") in evaluating the Project has relied upon the written facts and information represented in the application and other materials by the Borrower and has considered the determinations of the Authority; and

WHEREAS, it appears appropriate for the Council to designate the Authority as an issuer of a portion of the City's Empowerment Zone Ceiling in order to benefit the Project as described in the application; and

WHEREAS, the issuance of the Bonds must be approved by this City Council in order to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") and Section 91530(f) of the Act; and

WHEREAS, the Authority has caused a notice to appear in the Metropolitan News-Enterprise, which is a newspaper of general circulation in the City of Los Angeles, on June 13, 2005 to the effect that a public hearing would be held by the Authority on June 28, 2005, regarding the issuance of the Bonds and the nature and location of the Project; and

WHEREAS, the Authority has held said public hearing on June 28, 2005, providing a reasonable opportunity for persons to comment on the issuance of the Bonds and the nature and location of the Project; and

WHEREAS, in addition to the other approvals provided in this resolution it is intended that this Resolution shall constitute the approval of the Project and the issuance of the Bonds required by Section 147(f) of the Code and Section 91530(f) of the Act; and

WHEREAS, there has been presented to this meeting and is now on file with the City Clerk the following:

- 1) A proposed form of the City License Agreement, to be entered into by and between the Borrower and the City;
- 2) A proposed form of the City Parking License Assignment Agreement (the "City License Assignment Agreement"), to be executed by the Borrower and the Authority and acknowledged by the City, pursuant to which the Borrower collaterally assigns its interest in the City License Agreement as security for the Bonds;
- 3) A proposed form of the Empowerment Zone Facility Compliance Agreement (the "Compliance Agreement"), to be entered into by and among the Authority, the Borrower and the City;
- 4) A proposed form of the Funding Agreement (the "Funding Agreement"), to be entered by and among the Borrower, the Authority, the City and the Trustee with respect to the disbursement of the City Funds for the Project;

- 5) A proposed form of Subordination, Non-Disturbance and Attornment Agreement (the "SND Agreement"), to be entered into by and between the City and the Trustee;
- 6) A proposed form of the City Parking License Estoppel Certificate and Consent (the "Estoppel Certificate"), by and among the Borrower, the City and the Trustee;
- 7) A proposed form of the Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), executed by the City;
- 8) A proposed form of Agreement to Enter into Ground Lease (the "Ground Lease Agreement"), to be entered into by and among the Borrower, the MTA, the City and the Trustee; and
- 9) A proposed form of the Preliminary Official Statement (the "Preliminary Official Statement") to be used by the Underwriter in connection with the offering and sale of the Bonds.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the City of Los Angeles, that:

Section 1. This Council hereby expresses its full support for the Project to be undertaken by the Borrower. The Council finds and determines that the Project is vital to the City's business community and will provide significant public benefits to residents of the Los Angeles Empowerment Zone.

Section 2. The Authority is hereby designated as an issuer of Bonds in an amount of the City's Empowerment Zone Ceiling in an amount not to exceed \$11,000,000 for the benefit of the Borrower (the "Allocation"). Such Allocation may only be used by the Authority for the issuance of the Bonds for the Project, as specifically described above. Any modification of the Project may require reconsideration by the Council before the Allocation may be used for the Project. The Authority is not authorized to transfer the Allocation set forth herein to any other governmental unit in the State of California except the City.

Section 3. Unless the City has extended the date by which the Allocation must be used by the Authority, the Allocation designated to the Authority herein shall automatically revert to the City unless the Authority has issued the Bonds for the Project by the close of business on December 31, 2005.

Section 4. The Authority shall notify the Council in writing within fifteen (15) days of the bond closing that the financing is complete and reporting the exact amount of Bonds issued. Any difference between the amount of Bonds issued and the amount of the Allocation designated in Section 2 shall automatically revert to the City. If at any time prior to December 31, 2005, the Authority determines that all or part of the Allocation designated to the Authority in Section 2 will not be used to issue the Bonds by that date, the Authority shall take prompt action by resolution of its governing board and return such unneeded Allocation to the City.

Section 5. The City Council hereby approves the Project, subject to fulfillment of all requirements under the Act, and approves the issuance of the Bonds, which Bonds may be tax-exempt or taxable as approved by the Authority in its final resolution, in an amount not to exceed \$11,000,000 to finance costs of the Project. The Bonds and the interest thereon shall be paid from revenues received by the Authority from the Borrower pursuant to a loan agreement with respect to the Project to be entered into between the Authority and the Borrower. This resolution shall constitute both "host" and "issuer" approval of the Bonds within the meaning of Section 147(f) of the Code and shall constitute the approval of the Project and the issuance of the Bonds within the meaning of Section 91530(f) of the Act.

Section 6. The form of the City License Agreement presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Department of Transportation of the City is hereby authorized and empowered to execute and deliver the City License Agreement, and the City Clerk is authorized to attest thereto, with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 7. The form of the City License Assignment Agreement presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Department of Transportation of the City are each individually hereby authorized and empowered to execute and deliver the City License Assignment Agreement, and the City Clerk is authorized to attest thereto, if necessary, with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 8. The form of the Compliance Agreement presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Community Development Department of the City are each hereby individually authorized and empowered to execute and deliver the Compliance Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 9. The form of the Funding Agreement presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Community Development Department of the City are each hereby individually authorized and empowered to execute and deliver the Funding Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 10. The form of the SND Agreement presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Department of Transportation of the City are each hereby individually authorized and empowered to execute and deliver the SND Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 11. The form of the Estoppel Certificate presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Community Development Department of the City are each hereby individually authorized and empowered to execute and deliver the Estoppel Certificate with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 12. The form of the Continuing Disclosure Certificate presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Department of Transportation or the City Administrative Officer or any Assistant City Administrative Officer are each hereby individually authorized and empowered to execute and deliver the Continuing Disclosure Certificate with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 13. The form of the Ground Lease Agreement presented at this meeting is hereby approved and the General Manager or any Assistant General Manager of the Department of Transportation or the City Administrative Officer or any Assistant City Administrative Officer are each hereby individually authorized and empowered to execute and deliver the Ground Lease Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof.

Section 14. Those portions of the Preliminary Official Statement describing the City and the Special Parking Revenue Fund (the "City Disclosure Information") presented at this meeting are hereby approved. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement containing the City Disclosure Information in connection with the sale of the Bonds with such changes and insertions in such City Disclosure Information as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof. The preparation and delivery of a final Official Statement ("Official Statement") containing the City Disclosure Information, and its use by the Underwriter in connection with the sale of the Bonds, is hereby approved. The City Disclosure Information in the Official Statement shall be in the form of the City Disclosure Information in the

Preliminary Official Statement with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by the City Attorney, such approval to be conclusively evidenced by the delivery thereof. The General Manager or any Assistant General Manager of the Department of Transportation of the City or the City Administrative Officer or any Assistant City Administrative Officer are each individually hereby authorized and empowered to deem the City Disclosure Information in the Preliminary Official Statement substantially final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, said determination to be conclusively evidenced by a certificate signed by such officer. The Underwriter is hereby authorized to distribute copies of the Official Statement containing the City Disclosure Information to the purchasers of the Bonds.

Section 15. All actions heretofore taken by the officers, employees and agents of the City with respect to the approval, issuance and sale of the Bonds and the execution and delivery of the documents set forth above are hereby approved, confirmed and ratified, and the officers and employees of the City and their authorized deputies and agents are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all certificates and documents which they or bond counsel may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds, the execution and delivery of the documents set forth above and otherwise to effectuate the purposes of this Resolution.

Section 16. The City Clerk is authorized and directed to transmit a copy of this Resolution to the Authority together with a request that the Authority retain a copy of this Resolution in the Authority's official records.

Section 17. This Resolution shall take effect from and after its adoption.

I hereby certify that the foregoing Resolution was passed and adopted by the Council of the City of Los Angeles at a meeting thereof duly held on the ____ day of ____, 2005, by a majority vote of all its members.

FRANK T. MARTINEZ
City Clerk

By _____
Deputy

ATTACHMENT B

| Proposed Issuance of Tax Exempt and Taxable Empowerment Zone Facility Revenue Bonds on Behalf of 636 Maple and Other Sources | | | | | | | |
|---|----------------------------|--------------------|---------------------------------|------------------|--------------------|------------------|---------------------|
| PROPOSED SOURCES & USES | TAX-EXEMPT EZ BONDS | SBA | UDAG/or other city funds | BGIF | STATE GRANT | BORROWER | TOTAL |
| MTA Ground Lease | | \$575,000 | | | | \$25,000 | \$600,000 |
| Bond Insurance Premium | | | \$1,020,815 | | | | \$1,020,815 |
| Debt Service Reserve | \$799,601 | | | | | | \$799,601 |
| Cost of Issuance/Closing Costs | \$688,285 | | | | | | \$688,285 |
| Underwriter's Discount | \$202,421 | | | \$2,279 | | | \$204,700 |
| Original Issue Discount | \$113,970 | | | | | | \$113,970 |
| Construction Operating Reserve | \$257,500 | | | | | | \$257,500 |
| Construction Cost | \$7,255,309 | | \$479,185 | | | \$428,366 | \$8,128,649 |
| Solar Panels | \$100,500 | | | | \$49,500 | | \$150,000 |
| Soft Costs | \$814,900 | \$517,850 | | | | | \$1,332,750 |
| Bond Issuance Fee | | | | \$497,721 | | | \$531,932 |
| Rounding | \$2,513 | | | | | | \$2,513 |
| | | | | | | | |
| TOTAL | \$10,235,000 | \$1,092,850 | \$1,500,000 | \$500,000 | \$49,500 | \$502,866 | \$13,830,716 |

FRANK T. MARTINEZ
City Clerk

KAREN E. KALFAYAN
Executive Officer

When making inquiries
relative to this matter
refer to File No.

02-0029

CITY OF LOS ANGELES
CALIFORNIA



JAMES K. HAHN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

PLACE IN FILES

MAR 30 2005

DEPUTY

JK

CDs 2, 6, 7, 9, 14 & 15

March 24, 2005

Councilmember Greuel
Councilmember Padilla
Councilmember Cardenas
Councilmember Hahn
Chief Legislative Analyst
Bureau of Sanitation

RE: NOTE AND FILE MOTION (GREUEL - PADILLA - CARDENAS - HAHN) RELATIVE TO
EMPLOYMENT AUTHORITIES FOR BULKY ITEMS AND RECYCLING CENTERS

At the meeting of the Council held March 23, 2005, the following
action was taken:

| | |
|--|---------|
| Attached report adopted..... | _____ |
| Attached motion adopted()..... | _____ |
| Attached resolution adopted()..... | _____ |
| Motion adopted to approve attached report..... | _____ |
| Motion adopted to approve attached communication..... | _____ X |
| FORTHWITH..... | _____ X |
| Findings adopted..... | _____ |
| Negative Declaration adopted..... | _____ |
| Categorically exempt..... | _____ |
| Generally exempt..... | _____ |
| EIR certified..... | _____ |
| Tract map approved for filing with the County Recorder..... | _____ |
| Parcel map approved for filing with the County Recorder..... | _____ |

Frank T. Martinez

City Clerk
dng

3/29/05



32
COMMUNICATION

TO: LOS ANGELES CITY COUNCIL File No. 02-0029
FROM: CHAIR, HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE

Public Comments Yes No
XX

COMMUNICATION FROM CHAIR, HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE relative to employment authorities for bulky items and recycling centers.

Recommendation for Council action:

NOTE and FILE Motion (Greuel - Padilla - Cardenas - Hahn) relative to employment authorities for Bureau of Sanitation's bulky items and recycling centers to be funded by proceeds from the sale of the Wholesale Produce Market inasmuch as this matter has been addressed and no Council action is required.

Fiscal Impact Statement: Not applicable.

Summary:

Motion (Greuel - Padilla - Cardenas - Hahn) introduced on November 18, 2003, stated the Bureau of Sanitation's East Valley Pendelton Bulky-Item and Recycling Center and the the Watts Bulky Item and Recycling Center were ready for operation and that in order for these sites to be operational, Controller instructions and employment authorities were necessary.

At the regular meeting of the Housing, Community, and Economic Development Committee on February 16, 2005, the Chair recommended noting and filing this matter. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,



COUNCILMEMBER ERIC GARCETTI, CHAIR
HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE

| MEMBER | VOTE |
|----------|--------|
| GARCETTI | YES |
| LUDLOW | ABSENT |
| REYES | ABSENT |
| PADILLA | ABSENT |
| PARKS | ABSENT |

hn
3/17/05
#020029a wpd
CDs 2,6,7, 9, 14, 15

ADOPTED
MOTION ADOPTED TO APPROVE COMMUNICATION RECOMMENDATION
MAR 23 2005

LOS ANGELES CITY COUNCIL

FORTHWITH

COUNCIL VOTE

Mar 23, 2005 10:42:41 AM, #5

Items for Which Public Hearings Have Not Been Held - Items 24-62
Voting on Item(s): 24-52,55-56,58-62
Roll Call

| | |
|--------------|--------|
| CARDENAS | Yes |
| GARCETTI | Yes |
| GREUEL | Yes |
| HAHN | Yes |
| LABONGE | Yes |
| LUDLOW | Yes |
| *MISCIKOWSKI | Yes |
| PARKS | Yes |
| PERRY | Yes |
| REYES | Absent |
| SMITH | Yes |
| VILLARAIGOSA | Yes |
| WEISS | Yes |
| ZINE | Yes |
| PADILLA | Yes |

Present: 14, Yes: 14 No: 0

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE

Report/Communication for Signature

Council File Number: 02-0029

Committee Meeting Date: 2/16/05

Council Date: 3/23/05

| COMMITTEE MEMBER | YES | NO | ABSENT |
|-------------------------------|-----|----|--------|
| Councilmember Garcetti, Chair | ✓ | | |
| Councilmember Ludlow | | | ✓ |
| Councilmember Reyes | | | ✓ |
| Councilmember Padilla | | | ✓ |
| Councilmember Parks | | | ✓ |

Remarks

*Motion (Garcetti-Padilla-Cordero-Hahn) - position authority
recycling centers*

John A. White, Legislative Assistant ----- Telephone 213-978-1080

**HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT
COMMITTEE**

NOTIFICATION OF COUNCIL ACTION

Council File No. 02-0029

- ☒ Council Member(s) Garcia, Padilla, Cardenas, Hahn
- ☒ Interested Department B. Sanitation
- ☐ Mayor (with/without file) _____
- ☒ Chief Legislative Analyst _____
- ☐ City Administrative Officer _____
- ☐ Controller _____
- ☐ City Clerk _____
- ☐ City Clerk, Chief Administrative Services _____
- ☐ Treasurer _____
- ☐ City Attorney (with blue sheet / without blue sheet) _____
- ☐ General Services Department _____
- ☐ Department of Transportation _____
- ☐ Personnel Department _____
- ☐ Los Angeles Housing Department _____
- ☐ Community Development Department, General Manager, Clifford Graves _____
- ☐ cc: Contact Person _____
- ☐ Community Redevelopment Agency _____
- ☐ Board of Public Works _____
- ☐ Workforce Investment Board _____
- ☐ Workforce Investment Board, Youth Council _____
- ☐ _____
- ☐ _____

MOTION

02-0029

On August 15, 2003 the Council adopted Motion (Perry-Parks) instructing the Controller to deposit a portion of the proceeds from the sale of the Wholesale Produce Market into Fund #356 Urban Development Action Grant (UDAG) Miscellaneous Revenue (CF:02-0025). Fund #356 is used to capture all activity of UDAG Miscellaneous Program Income. The Community Development Department (CDD) administers the fund and ensures that the funds are spent in accordance with HUD eligibility requirements. The Bureau of Sanitation has been provided \$2.4 million to establish bulky item drop-off centers in various parts of the City. The East Valley Pendelton Bulky-Item and Recycling Center, which will service Council Districts 2, 6 and 7, is ready to begin operations. The Watts Bulky Item and Recycling Center will be ready to operate within 90 days. Controller instructions are needed in order to expedite operations at these sites. As such, the City Council should approve the following Controller instructions and Employment Authorities relative to the bulky item and recycling centers.

I THEREFORE MOVE that the City Council, subject to the approval of the Mayor;

1. Authorize the Controller to transfer appropriations from within Fund 100 Department 82 as follows:

| | Account | |
|-------|---------------------------------|-----------|
| From: | 1090 - Overtime | 2,400,000 |
| To: | 1010 - Salaries General | 900,000 |
| | 2120 - Printing and Binding | 138,000 |
| | 3040 - Contractual Services | 1,265,000 |
| | 6010 - Office and Admin | 6,600 |
| | 6020 - Operating Supplies | 12,400 |
| | 7300 - Equipment | 78,000 |
| | 7340 - Transportation Equipment | |

2. Authorize the General Manager, CDD or his designee to prepare Controller instructions for any technical corrections that may be necessary subject to the approval of CAO and instruct Controller to implement these instructions.

3. Unfreeze and Authorize by resolution authority the employment of the following positions in the Bureau of Sanitation, subject to review and approval by the Personnel Department as to Civil Service classification and paygrade determination by CAO Employee Relations Division:

8 Maintenance Laborers Class Code 3112

2 Refuse Collection Truck
Operator IIs Class Code 3580-2

PRESENTED BY:

Wendy Greuel
WENDY GREUEL
COUNCILMEMBER 2ND DISTRICT

SECONDED BY:

Tony Cardenas
Tony Cardenas

NOV 18 2003

J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries
relative to this matter
refer to File No.

03-1473
01-0240
02-0029

CDs 7, 8, 9 and 14

August 26, 2003

Councilmember Padilla
Councilmember Parks
Chief Legislative Analyst
City Administrative Officer
City Attorney
Department of General Services

Councilmember Perry
Councilmember Villaraigosa
Controller, Room 300
Accounting Division, F&A
Disbursement Division
Community Development Department
General Manager, Clifford Graves

RE: AUTHORITY FOR FUNDS FOR THE SANTEE COURT PROJECT AND LA BRIDGES II
PROGRAM FROM THE SALE OF THE PRODUCE MARKET

At the meeting of the Council held AUGUST 15, 2003, the following action
was taken:

| | |
|---|-------------------|
| Attached report adopted, as amended..... | <u>X</u> |
| Attached amending motion (Perry - Parks) adopted..... | <u>X</u> |
| Attached resolution adopted..... | <u> </u> |
| Mayor approved..... | <u> </u> |
| FORTHWITH..... | <u> </u> |
| Mayor concurred | <u>8-21-03</u> |
| To the Mayor FORTHWITH | <u>X</u> |
| Motion adopted to approve committee report recommendation(s)... | <u> </u> |
| Motion adopted to approve communication recommendation(s)..... | <u> </u> |

J. Michael Carey

City Clerk
kw

steno\031473



CITY OF LOS ANGELES
CALIFORNIA



JAMES K. HAHN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

PLACE IN FILES
SEP - 9 2003
DEPUTY

Mayor's Time Stamp

RECEIVED

'03 AUG 20 AM 10:46

DEPUTY MAYOR

FORTHWITH

City Clerk's Time Stamp

RECEIVED
CITY CLERK'S OFFICE
2003 AUG 20 AM 10:44
BY _____
CITY CLERK
DEPUTY

SUBJECT TO MAYOR'S APPROVAL

COUNCIL FILE NOS. 03-1473, 01-0240 & 02-0029 COUNCIL DISTRICT NOS. 9 & 14

COUNCIL APPROVAL DATE August 15, 2003

RE: AUTHORITY FOR FUNDS FOR THE SANTEE COURT PROJECT AND LA BRIDGES II

PROGRAM FROM THE SALE OF THE PRODUCE MARKET

SEP 02 2003

LAST DAY FOR MAYOR TO ACT _____
(10 Day requirement as per LAAC 14.7)

DO NOT WRITE BELOW THIS LINE - FOR MAYOR OFFICE USE ONLY

APPROVED

*DISAPPROVED

*Transmit objections in LAAC 14.7

DATE OF MAYOR APPROVAL OR DISAPPROVAL AUG 21 2003

RECEIVED
CITY CLERK'S OFFICE
2003 AUG 22 AM 9:56
BY _____
CITY CLERK
DEPUTY


MAYOR

steno\031473
et

HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

Report/Communication for Signature

Council File Number: 03-1473, 02-0029 & 01-0240

Committee Meeting Date: 08-06-03

Council Date: 08-15-03

| COMMITTEE MEMBER | YES | NO | ABSENT |
|-------------------------------|-----|----|--------|
| Councilmember Garcetti, Chair | ✓ | | |
| Councilmember Ludlow | ✓ | | |
| Councilmember Reyes | ✓ | | |
| Councilmember Padilla | ✓ | | |
| Councilmember Parks | | | ✓ |

Remarks Funding the San Jose Court and LA Bridges
II program from the sale of the Procter & K&M

Miranda Paster, Legislative Assistant ----- Telephone 978-1076

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

reports as follows:

Public Comments XX Yes No

HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE REPORT
relative to authority for funds for the Santee Court project and LA Bridges II program from
the sale of the Produce Market.

Recommendations for Council action, as initiated by Motion (Cardenas - Parks - Padilla),
SUBJECT TO THE APPROVAL OF THE MAYOR:

REQUEST the Mayor's Office to authorize the utilization of the unallocated balance from
the sale of the Produce Market to fund the Santee Court project in the amount of \$1 million,
with an additional \$500,000, from Mayor's Urban Development Agency Grant (UDAG) and
augment the LA Bridges II program by \$1 million.

Fiscal Impact Statement: None submitted by the Mayor. Neither the Chief Legislative
Analyst (CLA) nor the City Administrative Office has completed a financial analysis of this
report.

Summary:

On August 6, 2003, the Housing, Community and Economic Development (HCED)
Committee considered the Motion (Cardenas - Parks - Padilla) dated July 25, 2003 and the
verbal reports from the Mayor's Office and CLA. The Motion is attached to Council files 03-
1473 (LA Bridges II), 02-0029 (Santee Court) and 01-0240 (Produce Market). The HCED
Committee approved the funding of the Santee Court project and the augmentation of the
LA Bridges II program, subject to the Mayor and CLA meeting to determine the availability
of the funds before the item goes to Council.

This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

HCED VOTE
GARCETTI YES
LUDLOW YES
REYES YES
PADILLA YES
PARKS ABSENT

EG
MS
El Reyes

MCP
08/08/03
CD 9 & 14

#031473 wpd

REPT
ADOPTED
AS AMENDED
AUG 15 2003

LOS ANGELES CITY COUNCIL

*See amending motion
To The Mayor Forthwith*

MOTION

Item 17 on Today's agenda (CF: 03-1473) is a Housing, Community and Economic Development Committee (HCEDC) report relative to authority for funds for the Santee Court project (\$1 million) and LA Bridges II (\$1 million) program from the sale of the Produce Market. The HCEDC instructed the Office of the Chief Legislative Analyst (CLA) and requested the Mayor's Office to meet and report to Council on the available Mayor's UDAG funds that may be used to fully fund the Santee Court project (\$500,000). Due to end of year close out, at this time the offices are unable to obtain the most current accounting reconciliation of various accounts. To date, a balance of \$191,000 remains in this account in addition to recent Produce Market rent and interest revenue. In that Santee Court is in immediate need of a City commitment of funds and LA Bridges has been allocated other sources of funds, \$1.5 million should be allocated to the Santee project and \$500,000 to LA Bridges from the proceeds of the Produce Market sale.

On July 8, 2003 (CF:03-1425) the City Council adopted Motion (Greuel-Garcetti) accepting an additional allocation of 1995 Community Services Block Grant (CSBG) funds in the amount of \$765,376 and requested the Community Development Department (CDD) to report back with recommendations on how to allocate the funds. CDD is recommending an additional \$225,000 for LA Bridges II from this source for a total of \$725,000. The balance of \$275,000 will be identified and allocated from either the Mayor's UDAG, CDBG, 1995 CSBG or other sources in order to meet the LA Bridges needs in a timely manner.

Additionally, the City Administrative Officer (CAO) and CLA should be instructed to review the current allocations (projects and programs) recommended for funding within the 1995 CSBG funds CDD transmittal, dated August 2, 2003 (CF: 03-1425) and report to Committee relative to immediate need for program funds, program budget and expenditure schedule, other funding sources and stated priorities including LA Bridges II.

Further, in order to ensure the additional funds are programmed in a timely manner, CDD should be instructed to report to Council with an expenditure plan and policies for expending the additional funds for LA Bridges II at the next HCEDC.

I MOVE that the Council amend Item #17 on Today's agenda (CF:03-1473) relative to a Housing, Community and Economic Development Committee (HCEDC) report relative to authority for funds for the Santee Court project (\$1 million) and LA Bridges II (\$1 million) program from the sale of the Produce Market be Amended to;

1. Utilize the unallocated Produce Market proceeds as follows: \$1.5 million Santee Court Project and \$500,000 to augment the LA Bridges II program; Allocated \$225,000 in 1995 CSBG to LA Bridges II for a current total of \$725,000.
2. Request that the Mayor's Office with the assistance of the CLA and CAO to report to Council on the identified \$275,000 from the following sources Mayor's UDAG (current and future), CDBG, 1995 CSBG or other sources in order to meet the LA Bridges needs in a timely manner.

cm

3. Instruct the CAO and CLA to review the current allocations (projects and programs) recommended for funding within the 1995 CSBG funds CDD transmittal, dated August 1, 2003 (CF: 03-1425) and report to Committee relative to immediate need for additional program funds, current program budget and expenditure schedule, other funding sources and stated Council and Mayor priorities, including LA Bridges II.
4. Instruct the General Manager to report to Council with an expenditure plan and policies for expending the additional for LA Bridges II funds at the next HCED Committee; and prepare the necessary Controllers actions needed to effectuate the transfer of funds.
5. Instruct Controller upon sale of the Wholesale Produce Market, to deposit revenues to Fund #356 UDAG Miscellaneous Revenue.

PRESENTED BY: 

JAN PERRY
COUNCILWOMAN, 9TH DISTRICT

SECONDED BY: 

amending motion
ADOPTED

AUG 15 2003

LOS ANGELES CITY COUNCIL

AUGUST 15, 2003

COUNCIL VOTE

Aug 15, 2003 11:30:36 AM, #10

ITEM NO. (17)

Voting on Item(s): 17

Roll Call

| | |
|--------------|--------|
| CARDENAS | Yes |
| GARCETTI | Yes |
| GREUEL | Yes |
| HAHN | Yes |
| LABONGE | Yes |
| LUDLOW | Absent |
| *MISCIKOWSKI | Yes |
| PARKS | Yes |
| PERRY | Yes |
| REYES | Absent |
| SMITH | Yes |
| VILLARAIGOSA | Yes |
| WEISS | Absent |
| ZINE | Yes |
| PADILLA | Yes |

Present: 12, Yes: 12 No: 0

COUNCIL VOTE

Aug 15, 2003 11:30:43 AM, #11

ITEM NO. (17)
Adopt as Amended

| | |
|----------------------------|--------|
| CARDENAS | Yes |
| GARCETTI | Yes |
| GREUEL | Yes |
| HAHN | Yes |
| LABONGE | Yes |
| LUDLOW | Absent |
| *MISCIKOWSKI | Yes |
| PARKS | Yes |
| PERRY | Yes |
| REYES | Absent |
| SMITH | Yes |
| VILLARAIGOSA | Yes |
| WEISS | Absent |
| ZINE | Yes |
| PADILLA | Yes |
| Present: 12, Yes: 12 No: 0 | |

HOUSING AND COMMUNITY DEVELOPMENT COMMITTEE
SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No. 03-1473, 02-0029 + 01-0240

- ☒ Council Member(s) 7, 9, 14 + 8
- ☐ Interested Department _____
- ☒ Mayor (with/without file) _____
- ☒ Chief Legislative Analyst _____
- ☒ City Administrative Officer _____
- ☒ Controller _____
- ☐ City Clerk _____
- ☐ City Clerk, Chief Administrative Services _____
- ☐ Treasurer _____
- ☒ City Attorney (with blue sheet / without blue sheet) _____
- ☒ General Services Department _____
- ☐ Department of Transportation _____
- ☐ Personnel Department _____
- ☐ Los Angeles Housing Department _____
- ☒ Community Development Department, General Manager, Clifford Graves _____
- ☐ cc: Contact Person _____
- ☐ Community Redevelopment Agency _____
- ☐ Board of Public Works _____
- ☐ Workforce Investment Board _____
- ☐ Workforce Investment Board, Youth Council _____
- ☐ _____
- ☐ _____

8/6/2003 13:05

Mayor's Former UDAG Cash Available**\$ 6,489,586 6/12/2003**

A/C #

Approved On-Going ProjectsCouncil Approved

| | | | |
|------|---|-----------|--|
| S146 | Admin. | (169,064) | 90-1570-S1, 7/18/90 & 93-1472, 7/26/93 |
| S200 | California Fashion Association | (25,000) | 01-1057, 06/12/02 |
| | CDD Revenue (Produce Market 01/03-06/03, 57%) | (182,216) | MOU #60854 |
| S220 | Encino Velodrome | (250,000) | 01-1057, 06/12/02 |
| R209 | La Cienega/Mid Recovery/CRA | (400,000) | 00-1579-S3, 06/08/01 |
| 2100 | LALDC | (30,398) | 97-0830, 10/21/99 |

Projects (CF-03-0088, dated 02/25/03)

| | | | |
|------|---|--------------------|--|
| R215 | Vermont Slauson | (435,000) | 00-1579-S3, 06/08/01 & 02-1243-S2, 5/27/03 (decrease project amt. to \$435K from \$2.1M) |
| T210 | Cash For College | (350,000) | |
| T220 | LA's Best | (2,500,000) | 02-1243-S2, 5/27/03 (Increase project amt. to \$2.5M from \$835K): Addtnl' \$1.665M was from Vermont |
| T230 | Mark Briggs & Associates (for Marlton Square) | (50,000) | |
| T240 | Marlton Square | \$ (1,000,000) | |
| T250 | Pacoima Youth - CDD | \$ (41,432) | 01-0154, 3/22/013 |
| T330 | UCLA Anderson School | \$ (22,000) | |
| T290 | EDA Matching for Cornfields Project. | \$ (9,238) | |
| T340 | VEDC | \$ (100,000) | |
| T350 | Women's Care Cottage | \$ (50,000) | |
| T300 | Laurel Plaza Evening Farmer's Market | \$ (10,000) | |
| T310 | Neighborhood Legal Services of L.A. County | \$ (90,000) | |
| T260 | Bellevue Park Master Plan (\$50K) | \$ (50,000) | Change project per Council Offices |
| T280 | Echo Park / Elysian Valley | \$ (50,000) | |
| T320 | SIPA Community Center Construction Gap | \$ (66,000) | |
| T270 | California Youth Theaters Building Rehab. | \$ (84,000) | |
| T360 | St. Elizabeth Catholic Church | \$ (30,000) | |
| T370 | Code Enforcement - Citywide PACE | \$ (100,000) | |
| T380 | Chinatown Service Center | \$ (50,000) | |
| T390 | Harbor Area GAP | \$ (100,000) | |
| T400 | Teen Post | (50,000) | |
| | Subtotal | (6,294,348) | |
| | Balance | 195,238 | |

PROPOSED

| | | | |
|------|--|---------|---------------------------------|
| T410 | Commercial Corridor Revitalization & Hsg. Projects | (4,000) | Pending Council approval - 6/03 |
| | Subtotal | | |

Balance Available**\$ 191,238**

8/6/03 Received by Council

JUL 25 2

HOUSING & COMMUNITY DEVELOPMENT

On June 10, 2003 the City Council adopted Ordinance (175302) authorizing the sale of certain real property owned by the City of Los Angeles to the Los Angeles Wholesale Produce Market LLC, located in Council District 14 (CF:01-0240). Based on the City's appraised value on the property the market will sell for approximately \$18 million. As part of the 2003-04 Budget process, the Council approved approximately \$16 million of the proceeds from the sale to be allocated to various projects including: \$7.5 million to Boyle Heights Youth Opportunities Movement, \$2.4 million for the expansion of the Bulky Item Center project to Hollywood, South Los Angeles and the Valley, \$1.58 million for the Fire Department's 10th Member Task Force, \$1 million for the City Attorney's Worker Compensation Fraud Investigation and Gang Unit; \$1 million for Sheldon-Arleta and \$2 million for the Highland Park Revitalization Project. As part of the approval, the City Council instructed the offices of the Chief Legislative Analyst (CLA) to report to Council with recommendations on expending the remaining balance of approximately \$2 million.

On May 5, 2003 (CF: 02-0029) the City Council approved a Communication from Economic Development and Employment Committee which authorized the CLA, with the assistance of CDD, to submit an application to Economic Development Administration (EDA) for approximately \$1.5 million from the City's \$2.8 million unallocated EDA funds. Subsequently, the Mayor's Office released recommendations for the use of the \$2.8 million EDA funds that did not include the Santee project in the allocation. There are insufficient funds from the EDA unallocated funds for all projects including Santee.

On July, 14, 2003 the City Council approved Motion (Parks-Garcetti-Ludlow-Villaraigosa-Cardenas-Hahn-Perry) requesting the Chief Legislative Analyst (CLA) and City Administrative Officer (CAO) to identify \$1 million to augment the LA Bridges II program (CF:03-1473) and report within 30 days.

The unallocated balance from the produce market sale may be used to provide fund the Santee Court project and augment the LA Bridges II program. As such the City Council should instruct the CLA and CAO to report on the feasibility of utilizing these funds to assist the Santee Court project and LA Bridges II program and report to Council within the allocated time period.

I THEREFORE MOVE that the Council instruct the Offices of the Chief Legislative Analyst and the City Administrative Officer to report to Council on the feasibility of utilizing the unallocated balance from the sale of the Produce Market to: (1) fund the Santee Court project (\$1 million) and an additional \$500,000 of Mayor's UDAG; and (2) augment the LA Bridges II program (\$1 million); and report back at the next Housing, Community and Economic Development Committee.

PRESENTED BY:

Tony Cardenas

TONY CARDENAS

COUNCIL MEMBER, 6TH DISTRICT

PRESENTED BY:

Bernard C. Parks

BERNARD PARKS

COUNCIL MEMBER, 8TH DISTRICT

SECONDED BY:

[Signature]

AD

J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries
relative to this matter
refer to File No.

02-0029

CDs 9 and 14

May 16, 2003

Councilmember Perry
Councilmember Pacheco
Chief Legislative Analyst
Controller, Room 300
Accounting Division, F&A
Disbursement Division
Community Development Department
Community Redevelopment Agency
Department of Transportation

CITY OF LOS ANGELES

CALIFORNIA



JAMES K. HAHN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

PLACE IN FILES

MAY 23 2003

DEPUTY

RE: VARIOUS ACTIONS RELATED TO THE SANTEE COURT MIXED-USE DEVELOPMENT
PROJECT

At the meeting of the Council held MAY 2, 2003, the following action was
taken:

| | |
|---|---------|
| Attached report adopted..... | _____ |
| Attached motion (-) adopted..... | _____ |
| Attached resolution adopted..... | _____ |
| Mayor approved..... | _____ |
| FORTHWITH..... | _____ |
| Mayor concurred | _____ |
| To the Mayor FORTHWITH | _____ X |
| Motion adopted to approve committee report recommendation(s)... | _____ |
| Motion adopted to approve communication recommendation(s)..... | _____ X |

J. Michael Carey
City Clerk
kw

steno\020029

Mayor's Time Stamp

RECEIVED

'03 MAY -5 P4:24

DEPUTY MAYOR

FORTHWITH

RECEIVED
CITY CLERK'S OFFICE
City Clerk's Time Stamp

2003 MAY -5 PM 4:12

CITY CLERK

BY _____ DEPUTY

SUBJECT TO MAYOR'S APPROVAL

COUNCIL FILE NO. 02-0029

COUNCIL DISTRICT NO. 9 and 14

COUNCIL APPROVAL DATE MAY 2, 2003

RE: VARIOUS ACTIONS RELATED TO THE SANTEE COURT MIXED-USE DEVELOPMENT
PROJECT

MAY 15 2003

LAST DAY FOR MAYOR TO ACT _____
(10 Day Charter requirement as per Charter Section 341)

DO NOT WRITE BELOW THIS LINE - FOR MAYOR OFFICE USE ONLY

APPROVED
✓

*DISAPPROVED

*Transmit objections in
writing pursuant to Charter
Section 341

DATE OF MAYOR APPROVAL OR DISAPPROVAL MAY 14 2003 MAY 15 2003

BY _____ DEPUTY

CITY CLERK

2003 MAY 14 PM 4:54

RECEIVED
CITY CLERK'S OFFICE

MAYOR 

steno\020029

File 70
12

ECONOMIC DEVELOPMENT AND EMPLOYMENT COMMITTEE
Report/Communication for Signature

Council File Number: 02-0029
Committee Meeting Date: 4-7-03
Council Date: 5-2-03

| COMMITTEE MEMBER | YES | NO | ABSENT |
|---|-----|----|--------|
| Councilmember Eric Garcetti, Chair | | | ✓ |
| Councilmember Pacheco | | | ✓ |
| Councilmember Perry <i>Acting Chair</i> | ✓ | | |

Remarks Santee Court Mixed-Use Development Project
— approve Motion (Perry-Pacheco) / C/A attachments

Alan Alietti, Legislative Assistant ----- Telephone 978-1071

Please schedule for 5/2/03

APR 25 2003

COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

FROM: COUNCILMEMBER JAN PERRY, ACTING CHAIR
ECONOMIC DEVELOPMENT AND EMPLOYMENT COMMITTEE

| | |
|--|-------------------------|
| TO CITY CLERK FOR PLACEMENT ON NEXT REGULAR COUNCIL AGENDA TO BE POSTED | FILE NO. 02-0029 #51 |
|--|-------------------------|

| | | |
|-----------------|-----|----|
| | Yes | No |
| Public Comments | ___ | XX |

COMMUNICATION FROM CHAIR, ECONOMIC DEVELOPMENT AND EMPLOYMENT COMMITTEE relative to various actions related to the Santee Court Mixed-use Development Project.

Recommendations for Council action, pursuant to Motion (Perry - Pacheco),
SUBJECT TO THE APPROVAL OF THE MAYOR:

1. DESIGNATE the Chief Legislative Analyst (CLA) as the lead negotiator for the Santee Court Mixed-use Development Project (SCP).
2. INSTRUCT the CLA, with the assistance of the Community Redevelopment Agency, the Community Development Department (CDD), the Department of Transportation, and other departments and agencies as appropriate, to enter into negotiations with MJW Investments and the Metropolitan Transportation Authority (MTA) to finalize the financing for the 636 Maple Avenue Multi-Modal Parking Garage and to report back in 30 days with final recommended actions.
3. ALLOCATE \$3 million in the Special Parking Revenue Fund for the 636 Maple Avenue Multi-Modal Parking Garage.
4. REQUEST the Controller to establish new accounts and transfer funds as necessary.
5. AUTHORIZE the CLA, with the assistance of the CDD, to submit an application to the Department of Housing and Urban Development to allocate up to \$1.5 million in Economic Development Administration funds for this project.

Fiscal Impact Statement: The CLA reported that the total development costs for the Santee Court and Maple Avenue Parking portions of the project total approximately \$130 million. Funding will be provided from a variety of sources, including traditional bank loans, tax credits, a proposed Industrial Development Bond, and developer equity.

Summary:

On March 21, 2003, Council referred Motion (Perry - Pacheco), relative to the SCP, to the Economic Development and Employment Committee for consideration. The subject Motion reported that MJW Investments is the developer of the SCP in the heart of downtown's Fashion District. The project involved the adaptive re-use of nine buildings and will ultimately provide 460 market rate housing units priced for "workforce affordability" and 118 affordable units. The SCP also includes more than 200,000 square feet of commercial and retail space, outdoor dining and public gathering spaces, pedestrian enhancements, and public parking.

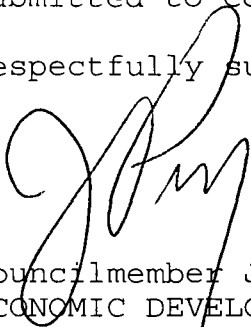
The Motion further reported that the developer is restoring the buildings and preserving the character of the area, while providing unique and affordable housing opportunities that currently do not exist. The SCP provides the opportunity to link areas such as the loft district, the historic core, and South Park and will, in combination with other existing and planned housing conversion projects, create a vibrant residential community in downtown.

Although progress has been made, a key component of the SCP is the parking structure at 626 Maple. Since the project is almost all adaptive re-use, code required parking is minimal. However, lenders do not view the housing units as marketable without nearby available parking. To date, the parking structure is not funded, and unless those funding issues are resolved quickly, continued development of the SCP will not be possible.

The developer, in an attempt to identify funding for the parking garage, has been meeting with City staff for an extended period of time, but no solutions were proposed. At the request of the Councilmember of Council District Nine, the CLA met with the developer and submitted a memo (attached to Motion (Perry - Pacheco)) which identified potential solutions and offered recommendations.

At its regular meeting held April 7, 2003, the Economic Development and Employment Committee Acting Chair discussed this matter with City staff and recommended that Council approve the recommendations contained in the CLA's memo (attached to Motion (Perry - Pacheco)). This matter is now submitted to Council for its consideration.

Respectfully submitted,



Councilmember Jan Perry, Acting Chair
ECONOMIC DEVELOPMENT AND EMPLOYMENT COMMITTEE

AA
4/11/03
CD 9, 14
#020029

ADOPTED
MOTION ADOPTED TO APPROVE COMMUNICATION RECOMMENDATION
MAY 02 2003

LOS ANGELES CITY COUNCIL

TO THE MAYOR FORTHWITH

MAYOR WITH FILE

Alan Alietti - Re: EDE committee

From: Marie Rumsey
To: Alan Alietti
Date: 04/16/2003 12:48 PM
Subject: Re: EDE committee

how about may 2nd?

>>> Alan Alietti 04/16/03 10:20AM >>>
whenever you want.

>>> Marie Rumsey 04/16/03 08:45AM >>>
alan- jan will not be in council next wed can it be for the following tuesday? thanks

>>> Alan Alietti 04/16/03 06:47AM >>>
I have it ready for her signature this AM. Since it is a communication rather than a report, (if signed today) it will be in Ccl. next Wed., 4-23.

>>> Marie Rumsey 04/15/03 11:13AM >>>
Hi Alan- When do you think we will see this in Council? Does anything need to be done? Thanks, Marie

02-0029

Last Changed Date
3/24/03

Title
SANTEE COURT MULTI-FAMILY CONVERSION PROJECT

Marie Rumsey
Legislative Deputy
Office of Councilwoman Jan Perry
213.473.2309 phone
213.473.5946 fax

COUNCIL VOTE

May 2, 2003 11:17:31 AM, #5

ITEM NO. (12)

Voting on Item(s): 12

Roll Call

| | |
|--------------|--------|
| BERNSON | Absent |
| GALANTER | Yes |
| GARCETTI | Absent |
| GREUEL | Absent |
| HAHN | Absent |
| HOLDEN | Yes |
| LABONGE | Yes |
| *MISCIKOWSKI | Yes |
| PACHECO | Yes |
| PARKS | Yes |
| PERRY | Yes |
| REYES | Yes |
| WEISS | Yes |
| ZINE | Yes |
| PADILLA | Yes |

Present: 11, Yes: 11 No: 0

**ECONOMIC DEVELOPMENT AND
EMPLOYMENT COMMITTEE
NOTIFICATION SHEET**

Council File No. 02-0029

| | | |
|---|--------------------------------------|-------|
| X | Council Districts | 9, 14 |
| X | Mayor (with/without file) | |
| X | Chief Legislative Analyst | |
| | City Administrative Officer | |
| | City Attorney | |
| X | Controller | |
| | Treasurer | |
| | Petitioner/Communicant | |
| X | Community Development Department | |
| X | Community Redevelopment Agency | |
| | Personnel Department | |
| X | Interested Departments | DOT |
| | | |
| | | |
| | | |
| | | |
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| | | |
| | | |
| | | |

CITY OF LOS ANGELES SPEAKER CARD

Date

5/2

Council File No., Agenda Item, or Case No.

Item 12

I wish to speak before the

CITY Council

Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda?

- ☒ For proposal
☐ Against proposal
☐ General comments

Name:

Mark Weinstein

Business or Organization Affiliation:

Developer Santee Court

Address:

1617 746 L.A ST # 1100 LA CA

Street

City

State

Zip

Business phone:

(310) 395-3430 x17

Representing:

Development

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

☐

Client Name:

Phone #:

Client Address:

Street

City

State

Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

ECONOMIC DEVELOPMENT & EMPLOYMENT MOTION

MAR 21 2003

MJW Investments is the developer of the Santee Court project in the heart of downtown's Fashion District. The project will involve adaptive re-use of nine buildings and will ultimately provide 460 market rate housing units priced for "workforce affordability" and 118 affordable units. The project also includes more than 200,000 square feet of commercial and retail space, outdoor dining and public gathering spaces, pedestrian enhancements and public parking.

CD's
9 & 14
VM
Santee Court provides some exciting opportunities for an area in significant need of revitalization. The developer is restoring the buildings and preserving the character of the area, while providing unique and affordable housing opportunities that currently do not exist. The project provides the opportunity to link areas such as the loft district, the historic core and South Park and will, in combination with other existing and planned housing conversion projects, create a vibrant residential community in downtown.

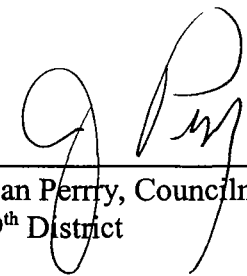
Impressive progress on the project has already been made. One of the building conversions, the 1940's Gerry Building on 9th and Los Angeles Streets, has already been renovated. Demolition and construction of Phase I of the Santee Court housing projects has already begun. All of this has so far been accomplished without public money.

Although progress has been made, a key component of the project is the parking structure as 626 Maple. Since the project is almost all adaptive re-use, code required parking is minimal. However, lenders do not view the housing units as marketable without nearby available parking. To date, the parking structure is not funded, and unless those funding issues are resolved quickly, continued development of the project will not be possible.

The developer, in an attempt to identify funding for the parking garage, has been meeting with City staff for an extended period of time, but no solutions have been proposed. Therefore, at my request, the Chief Legislative Analyst has been meeting with the developer to identify potential solutions. The funding issues on the garage appear to be resolvable, and the CLA has prepared the attached report identifying several options. It is essential that this issue be resolved immediately.

I THEREFORE MOVE, that the Council , adopt the recommendations in the attached report from the Chief Legislative Analyst.

Presented by:


Jan Perry, Councilmember
9th District

Seconded by:



gm:sntcrmtm.

CLA

Memorandum

Date: March 21, 2003

To: Councilwoman Jan Perry

From: Ronald F. Deaton
Chief Legislative Analyst

Subject: **SANTEE COURT DEVELOPMENT**

Santee Court is a mixed-use development planned for the fashion district in downtown Los Angeles. The development straddles the boundary of Council Districts 14 and 9. The development will occur in phases, and will include the following components:

- 910 Gerry Building will house 115,000 square feet of fashion showrooms
- Santee Court (nine buildings) will consist of 578 residential units, 112,100 square feet of ground floor retail and restaurants
- An adjacent 500 space parking garage (626 Maple Avenue Multi-Modal Parking Garage).

The project will provide significant benefits to the fashion district area and downtown as a whole. Many of the buildings which will be redeveloped are currently sitting empty, causing blight and attracting crime to the area. The project will provide both market rate and 118 affordable housing opportunities, generate jobs and provide in-fill development which create a link between the loft district to the east, the historic core to the northwest, and South Park to the west. Shuttles and Park-and-Ride opportunities are planned which will help increase pedestrian traffic and commercial activity within the area and provide linkages to other parts of downtown. Finally, public parking is planned in the Maple Avenue structure to alleviate significant parking shortages in the area.

Total development costs for the Santee Court and Maple Avenue Parking portions of the project total approximately \$130 million. Funding will be provided from a variety of sources, including traditional bank loans, tax credits, a proposed Industrial Development Bond and developer equity.

The Council and the Community Redevelopment Agency (CRA) Board have taken several actions relative to the project. Rehabilitation of the Gerry building is virtually complete, and Demolition and construction on the first phase of the Santee Court project has begun. However, financing for the garage has not yet been finalized. The developer has been working for some time with City, CRA and MTA staff to attempt to close that gap, but to date no solutions have been reached. Although, since much of the project is adaptive re-use, parking requirements are minimal from a City code standpoint, in practice, as a result of marketability concerns, project lenders will not provide the financing for the housing portion of the project unless sufficient parking in the area can be demonstrated. Accordingly, unless the parking structure gap is closed, financing for the remainder of the project cannot be obtained.

Over the last 60 days, staff of this office has been meeting with the developer, MJW Investments, in an effort to identify possible solutions to the funding gap. Several potential solutions have been identified, including the following:

1. EDA Funding - The City has been allocated approximately \$2.8 million in EDA funding which is uncommitted. This funding must be spent as soon as possible. This project would be eligible for the funding, and since the project is already in construction, the funding can be spent in a timely manner. Approximately \$1.5 million in EDA funding is proposed for the project.
2. Special Parking Revenue Fund (SPRF) - The Developer has proposed that a portion of the garage be owned and controlled by the City as public parking. There is clearly a significant need for public parking in the area. Furthermore, there is funding availability from parking funds generating in Council District No. 9. The City recently closed the acquisition of the Mangrove site on 1st and Alameda with SPRF funds. \$43 million was allocated for the purchase. The final agreement called for \$36 million from the SPRF, with the balance paid by the MTA for the Gold Line Eastside Light Rail Extension right-of-ways. Accordingly approximately \$7 million was returned to the SPRF. Additionally, the existing parking on the site is generating \$200,000 per year in revenues, and those revenues will continue until the site is needed for construction. Finally, a master planning effort is under way to determine how much of the site can be used for public safety facilities funding from Propositions F and Q, and a new Police Administration Building funded through MICLA. Upon completion of the master plan, the SPRF will be reimbursed from these funding sources on a pro-rate basis determined by the amount of property used for these facilities. The net result of these actions will be a substantial infusion of funding to the SPRF generated within Council District No. 9. Provided that the Santee Court parking will be available to the public on a first-come-first-served basis and controlled by the City, this project would be eligible for SPRF funding.

3. MTA Funding - the Developer has negotiated a long-term ground lease with the MTA for the property on which the parking structure will sit. In exchange, on the first level of the garage, the Developer will provide an intermodal, bus turn-around area for the MTA. Another potential source of funding is waiver by the MTA of some or all of the ground lease payments, funding reallocated from other projects which are not moving forward and/or Call For Projects money which may become available. Since this project will provide significant benefits to the area in terms of pedestrian enhancements, the intermodal center, and parking opportunities along major MTA transit routes, the project would clearly qualify for MTA funding.

Several issues must still be resolved. In order to make a final determination relative to the most appropriate funding sources to cover the gap, it is necessary to enter into formal negotiations with the developer and other parties as appropriate. Additionally, completion guarantees and/or other assurances must be negotiated to ensure that the public funding which will be contributed to the project are sufficiently protected, that the City will not be exposed to any cost overruns, and that the planned facilities are completed.

RECOMMENDATIONS:

That the Council:

1. Designate the Chief Legislative Analyst as the lead negotiator, and instruct the Chief Legislative Analyst, with the assistance of the Community Redevelopment Agency, the Community Development Department, Department of Transportation and other departments and agencies as appropriate, to enter into negotiations with MJW Investments and the MTA to finalize the financing for the 636 Maple Avenue Multi-Modal Parking Garage and to report back in 30 days with final recommended actions.

That the Council, subject to the approval of the Mayor:

2. Allocate \$3 million in the Special Parking Revenue Fund for the 636 Maple Avenue Multi-Modal Parking Garage and authorize and instruct the Department of Transportation and Controller to establish new accounts and transfer funds as necessary.
3. Authorize the Chief Legislative Analyst, with the assistance of the Community Development Department, to submit an application to the Department of Housing and Urban Development to allocate up to \$1.5 million in EDA funds for this project.

RFD:GFM:cag

GFM santecrt 032103.wpd

J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries
relative to this matter
refer to File No.

CITY OF LOS ANGELES

CALIFORNIA



JAMES K. HAHN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

02-0029

PLACE IN FILES

APR 19 2002

DEPUTY *mm*

CDs 9 & 14

April 19, 2002

Councilmember Perry
Councilmember Pacheco
City Administrative Officer
City Attorney

Community Development Department
Community Redevelopment Agency
Los Angeles Housing Department

RE: TAX EQUITY AND FISCAL RESPONSIBILITY ACT HEARING FOR THE ISSUANCE OF
MULTI-FAMILY HOUSING REVENUE BONDS FOR THE SANTEE COURT APARTMENTS

At the meeting of the Council held April 17, 2002, the following action was
taken:

| | |
|---|-------------|
| Attached report adopted | _____X_____ |
| Attached motion (-) adopted..... | _____ |
| Attached resolution adopted..... | _____X_____ |
| Mayor concurred..... | _____ |
| FORTHWITH..... | _____X_____ |
| Ordinance adopted..... | _____ |
| Ordinance number..... | _____ |
| Effective date..... | _____ |
| Publication date..... | _____ |
| Mayor approved..... | _____ |
| Categorically exempt..... | _____ |
| Generally exempt..... | _____ |
| EIR Certified..... | _____ |
| Tract map approved for filing with the County Recorder..... | _____ |
| Parcel map approved for filing with the County Recorder..... | _____ |
| Bond approved is No. _____ of Contract..... | _____ |
| Agreement mentioned therein is/are No. _____ of contracts.... | _____ |

J. Michael Carey

City Clerk
bs

steno\020029

FF

4-1902

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TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your ECONOMIC DEVELOPMENT AND EMPLOYMENT COMMITTEE

reports as follows:

| | <u>Yes</u> | <u>No</u> |
|-----------------|------------|-----------|
| Public Comments | <u>XX</u> | — |

ECONOMIC DEVELOPMENT AND EMPLOYMENT COMMITTEE REPORT and RESOLUTION relative to the Tax Equity and Fiscal Responsibility Act Hearing for the issuance of Multi-Family Housing Revenue Bonds for the Santee Court Apartments.

Recommendations for Council action:

1. ADOPT the accompanying Resolution relative to approving the Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing for purposes only of Section 147(f) of the Internal Revenue Code for Multi-Family Housing Revenue Bonds on the Santee Court Apartments.
2. INSTRUCT the City Administrative Officer (CAO), the Community Development Department (CDD), and the Community Redevelopment Agency (CRA) to report relative to the proposed financing of the Santee Court Multi-Family Conversion Project (Project).
3. REQUEST the City Attorney, the Housing Department, and the CDD to report relative to the City's role as it relates to third party bond issuances as non-City issuers.

Fiscal Impact Statement: The Community Redevelopment Agency (CRA) reports that there is no fiscal impact to the City's General Fund.

(The Housing and Community Development Committee waived consideration of the above matter)

Summary:

In its transmittal dated March 4, 2002, the CRA requests Council to adopt a Resolution relative to the issuance of tax-exempt, multi-family housing revenue bonds in an amount not to exceed \$105 million for the Project. The proposed Project is located along Los Angeles Street between 7th Street and Olympic Street, within the Eastside Industrial portion of the Central Business District Redevelopment Project Area. The proposed Project has 10 (mostly vacant) buildings, of which the majority are located with the Federal Empowerment Zone, State Enterprise Zone, City Tax-Free Zone, and the Fashion District Business Improvement District.

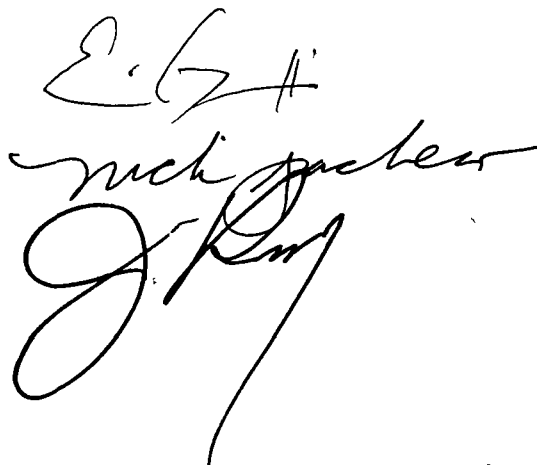
The CRA also requests authority to submit an application to the California Debt Limit Allocation Committee relative to the issuance of tax-exempt, multi-family housing revenue bonds for the purpose of financing the acquisition and rehabilitation of the Project. As the governmental unit having jurisdiction over the area in which the Project is located, Internal Revenue Service regulations require that either the Council or the Mayor approve the public process required (TEFRA) prior to the issuance of the bonds by the California Statewide Communities Development Authority.

At its regular meeting held April 15, 2002, the Economic Development and Employment Committee discussed this matter with City staff. The City Attorney submitted an amended Resolution relative to approving the TEFRA Hearing for purposes only of Section 147(f) of the Internal Revenue Code for Multi-Family Housing Revenue Bonds on the Santee Court Apartments. The Resolution finds and determines that its recitals are true and correct as to the TEFRA hearing as evidenced by the minutes of the public hearing. The Resolution also approves the TEFRA hearing solely for purpose of Section 147(f) of the Internal Revenue Code; and states that no other City commitment or approval is intended by its adoption. The Resolution further states that the issuance and delivery of the Multi-Family Housing Revenue Bonds shall be subject to the approval of and execution by the California Statewide Communities Development Authority (Authority) of all financing documents relating thereto to which the Authority is a party and subject to the sale of the Multi-Family Housing Revenue Bonds by the Authority.

The Economic Development and Employment Committee concluded its consideration of this matter and recommended that Council adopt the amended Resolution submitted by the City Attorney. The Committee further recommended that Council instruct the CAO, the CDD, and the CRA to report relative to the proposed financing of the Santee Court Apartments Project. Additionally, the Committee recommended that Council request the City Attorney, the Housing Department, and the CDD to report relative to the City's role as it relates to third party bond issuances as non-City issuers. This matter is now submitted to Council for its consideration.

Respectfully submitted,

ECONOMIC DEVELOPMENT AND EMPLOYMENT COMMITTEE



Rept & Reso
ADOPTED

APR 17 2002

LOS ANGELES CITY COUNCIL

FORTHWITH

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES
APPROVING THE TEFRA HEARING FOR PURPOSES ONLY OF SECTION
147(f) OF THE INTERNAL REVENUE CODE FOR MULTIFAMILY HOUSING
REVENUE BONDS ON THE SANTEE COURT APARTMENTS

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is authorized by the laws of the State of California (the "Law") to execute and deliver multifamily housing revenue obligations for the purpose of financing the acquisition, rehabilitation and development of multifamily residential rental facilities located within the area of operation of the Authority which are to be occupied, in part, by very low and low income tenants; and

WHEREAS, MJW Investments, on behalf of itself or a limited liability company, limited partnership or other legal entity (the "Borrower"), has requested the Authority to issue and deliver multifamily housing revenue obligations in the anticipated principal amount of \$105,000,000, which obligations may be issued in series the first of which will occur within one year from the date hereof and any remaining series being issued within three years from the issuance of the first series (collectively, the "Obligations"), the proceeds of all such series to be used for the purpose of financing the acquisition and rehabilitation of approximately 604 units of multifamily residential rental facilities to be commonly known as the Santee Court Apartments which will be located at 315 Eighth Street, 743 Santee Street, and 714, 716, 722 724, 738, 746, 824 and 910 S. Los Angeles Street in the City of Los Angeles, California (the "Project"); and

WHEREAS, the Obligations to be issued and delivered to finance the acquisition and rehabilitation of the Project will be considered "qualified exempt facility bonds" under Section 142(a) of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, Section 147(f) of the Code requires that a properly noticed public hearing be held and, based upon the testimony at said public hearing, the "applicable elected representative" with respect to the Project approve the hearing in order for the Authority to issue the Obligations;

WHEREAS, the Community Redevelopment Agency of the City of Los Angeles has held said public hearing, after proper public notice had been given, at which all those interested in speaking with respect to the financing of the Project were heard without any testimony in opposition to the Project;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The City Council hereby finds and determines that the foregoing recitals are true and correct as to the TEFRA hearing as evidenced by the minutes of the public hearing attached hereto.

2. The City Council hereby approves the TEFRA hearing solely for purpose of § 147(f) of the Internal Revenue Code. No other City commitment or approval is intended by this action.

3. The issuance and delivery of the Obligations shall be subject to the approval of and execution by the Authority of all financing documents relating thereto to which the Authority is a party and subject to the sale of the Obligations by the Authority.

15993

4. The City Clerk of the City shall forward a certified copy of this Resolution and a copy of the affidavit of publication of the public hearing notice to:

Thomas A. Downey
Jones Hall, A Professional Law Corporation
650 California Street, 18th Floor
San Francisco, California 94108

5. This resolution shall take effect upon its adoption.

PASSED AND ADOPTED this 17th day of April, 2002, by the following roll call vote:

Ayes: Councilmembers - 12

Nays: Councilmembers - 0

Abstain: Councilmembers - 3

CERTIFY THAT THE FOREGOING
RESOLUTION WAS ADOPTED BY THE
COUNCIL OF THE CITY OF LOS ANGELES
AT ITS MEETING OF APR 17 2002
BY A MAJORITY OF ALL ITS MEMBERS.



J. MICHAEL CAREY,
CITY CLERK

BY Vernon Warner
DEPUTY

ATTEST:

Mayor

City Clerk

COUNCIL VOTE

Apr 17, 2002 11:35:55 AM, #14

Item For Which Public Hearing Has Been Held - Item 1
Voting on Item(s): 1
Roll Call

| | |
|---------------|--------|
| BERNSON | Yes |
| GALANTER | Absent |
| GARCETTI | Yes |
| GREUEL | Yes |
| HAHN | Yes |
| HOLDEN | Absent |
| LABONGE | Yes |
| MISCIKOWSKI | Yes |
| PACHECO | Yes |
| PERRY | Yes |
| REYES | Yes |
| RIDLEY-THOMAS | Yes |
| WEISS | Absent |
| ZINE | Yes |
| *PADILLA | Yes |

Present: 12, Yes: 12 No: 0

**ECONOMIC DEVELOPMENT AND
EMPLOYMENT COMMITTEE
NOTIFICATION SHEET**

Council File No. 02-0029

| | | |
|---|-----------------------------------|---------|
| X | Council Districts | 9, 14 |
| X | Mayor (with/ <u>without</u> file) | |
| | Chief Legislative Analyst | |
| X | City Administrative Officer | |
| X | City Attorney | |
| | Controller | |
| | Treasurer | |
| | Petitioner/Communicant | |
| X | Community Development Department | |
| X | Community Redevelopment Agency | |
| | Personnel Department | |
| X | Interested Departments | Housing |
| | | |
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CITY OF LOS ANGELES SPEAKER CARD

Date

4/18/02

Council File No., Agenda Item, or Case No.

7

I wish to speak before the

~~Mark Weinstein~~ EDC

Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? ☒ For proposal

☐ Against proposal

☐ General comments

Name:

Mark Weinstein

Business or Organization Affiliation:

NSW Investment

Address:

Street

City

State

Zip

Business phone:

Representing:

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

☐

Client Name:

Phone #:

Client Address:

Street

City

State

Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

CITY OF LOS ANGELES SPEAKER CARD

Date

4-15-02

Council File No., Agenda Item, or Case No.

7

I wish to speak before the

EDC

Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? ☒ For proposal

☐ Against proposal

☐ General comments

Name:

Ben Rezak

Business or Organization Affiliation:

Jeffrey, Hwang, Butler & Hwang

Address:

2121 Ave of the Stars 10th Fl. LA CA 90067

Street

City

State

Zip

Business phone:

(310) 221-3572

Representing:

MTW Investment

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:



Client Name:

MTW Investment

Phone #:

Client Address:

Street

City

State

Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

CITY OF LOS ANGELES SPEAKER'S CARD

7

Date

April 15/2002

Council File No., Agenda Item, or Case No.

02 0029

I wish to speak before the

Economic Dev & Employment Committee
Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? (☒) For proposal

() Against proposal

() General comments

Name: Kent Smith

Business or Organization Affiliation: L A Fashion District

Address: 110 East Ninth St Suite C625 Los Angeles CA 90079
Street City State Zip

Business phone: 213-488-1153 Representing:

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

☐

Client Name: Phone #:

Client Address: Street City State Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

CITY OF LOS ANGELES SPEAKER CARD

Date

4-15-02

Council File No., Agenda Item, or Case No.

7

I wish to speak before the

~~CITY~~
Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? () For proposal

() Against proposal

Name: Tawnya Fulkner () General comments

Business or Organization Affiliation:

Address:

Street

City

State

Zip

Business phone: Representing:

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

☐

Client Name: Phone #:

Client Address: Street City State Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

CITY OF LOS ANGELES SPEAKER CARD

Date

4-15-02

Council File No., Agenda Item, or Case No.

I wish to speak before the _____

Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? () For proposal

Name: _____ () Against proposal

() General comments

Business or Organization Affiliation: _____

Address: _____

Street

City

State

Zip

Business phone: _____

Representing: _____

CITY CD

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW: ☐

Client Name: _____ Phone #: _____

Client Address: _____

Street

City

State

Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

ECONOMIC DEVELOPMENT AND EMPLOYMENT COMMITTEE

Report/Communication for Signature

Council File Number: 02-0029

Committee Meeting Date: 4-15-02

Council Date: 4-23-02

| COMMITTEE MEMBER | YES | NO | ABSENT |
|------------------------------------|-----|----|--------|
| Councilmember Eric Garcetti, Chair | / | | |
| Councilmember Pacheco | / | | |
| Councilmember Perry | / | | |

Remarks Reso. approving TIFRA Hearing for
Santee Court Apartments

Alan Alietti, Legislative Assistant ----- Telephone 978-1071



of LOS ANGELES

606 South Olive Street
Suite 1000
Los Angeles, CA 90014

telephone 213.624.1213
facsimile 213.624.0858
www.ccala.org

**Testimony before the Los Angeles City Council
Economic Development and Employment Committee**

Item # (7) 02-0029

Communications from the CRA relative to various actions CD 9, 14 related to the Santee Court Multi-Family Conversion Project. (Also referred to the Housing and Community Development Committee)

Good Afternoon. My name is Victor Franco, Jr. and I am the Director of Government Relations for the Central City Association.

The Central City Association (CCA) is a 300-member business advocacy organization whose members employ over 250,000 people in the Los Angeles Region. CCA is proud to serve as the driving force in the revitalization of Downtown Los Angeles. CCA supports the issuance of tax-exempt bonds for the Santee Court Project located at 746 South Los Angeles Street.

The Santee Court Project is like no other in Southern California at this time. Santee Court will help to revitalize otherwise neglected buildings in the Fashion District of Downtown. The City of Los Angeles has done a great job in recognizing the unique character of its Downtown. Committee approval today will affirm the commitment by the City of Los Angeles to take a more active role in revitalization. Several years ago, the City passed the Adaptive Reuse ordinance for the Downtown area to further support these efforts.

Santee Court's nine-mixed use, mixed-income buildings will provide shops, restaurants and fashion showroom space. Several alleys and tunnels that connect the buildings will be transformed in more pedestrian friendly streets and courtyards. Several hundred housing units will be created, targeting LA's "workforce" which includes police officers, firefighters, teachers, nurses and other local employees including civil servants. In addition, 121 units will be occupied by low and moderate-income tenants.

This mixed-use type of development, although somewhat unique to Los Angeles, is not unique in many different parts of the country. Mixed-use developments are key components to any revitalization effort. Mark Weinstein, a longtime Los Angeles resident and President of MJW Investments, is to be commended for his work to help revitalize our Downtown Los Angeles.

Today, we come to your committee with great momentum for success. We respectfully request approval of tax-exempt bonds for the Santee Court project.

received 4-15-07 by AL

APR. 12. 2002 10:07AM

HOLLIDAY FENOGLIO FOWLER

NO. 5135 P. 1/2

Holliday Fenoglio Fowler, L.P.

April 12, 2002

Lisa Johnson
City of Los Angeles
Office of the CAO
Via Facsimile to 213 847-3051

RE: Santee Court, Los Angeles

Dear Lisa:

I have been involved in the real estate industry for the last 17 years in Los Angeles and have worked with scores of developers and investors seeking to build and finance projects of various scope in Southern California. Mark Weinstein is a well known philanthropist, community patron and real estate professional with a 20 year successful track record in Los Angeles. Rarely have I come across an individual as qualified as Mark Weinstein to create a project like Santee Court for the City of Los Angeles.

We have worked very closely with Mark to make sure that Santee Court will qualify for Fannie Mae financing. We have completed our due diligence and issued our interest letter well in advance of where we would be on most projects due to Mark's tremendous work and financial capabilities. We have reviewed Mark's financial statement and can assure you that he has the resources personally to handle any gap in financing for the project. Most importantly, these cash resources are presently in his possession. We have funded over \$1 billion dollars in bond transactions in the U.S. and California, and rarely does the developer have the cash available, the vision, the financial plan and financial resources that Mark possesses for a transaction in this stage of the development.

I am curious that the City of Los Angeles would question Mr. Weinstein's financial ability based on such a positive track record and the fact that he is so much more qualified than almost any other developer that has ever proposed or built this type of project in Los Angeles. Mr. Weinstein's application for bonds, our financing commitment, and his ability to complete this project has never been contingent upon receiving any money from the City, State or Federal Government.

It is rare that a developer is as prepared and thorough as Mark Weinstein has been with the Santee Court project. In actuality, it has been a challenge for our organization to keep up with him!

10100 Santa Monica Blvd. - Suite 1550 - Los Angeles, California 90067

310-407-2100 - Fax 310-407-2101

www.hfflp.com



received in Cite 4-15-02 RL

APR 12. 2002 10:08AM

HOLLIDAY FENOGLIO FOWLER


NO. 5135 P. 2/2

Lisa Johnson
Page 2

The City of Los Angeles should be honored to have developers like Mark Weinstein, a native son to call their own. It is my understanding that The Governor, State Controller and the Treasurer of the State of California all know about and support the project. I believe that you can also call any of them and you will hear them personally vouch for Mark's credibility and accomplishments. They all hold him in high regard.

Should you require any personal information on Mr. Weinstein's financial condition, track record or community involvement, please feel free to call me at (310)407-2113.

Sincerely,


Perry M. Wise
Senior Director

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 15, 2002

CAO File No. 0220-00013-1834
Council File No. 02-0029
Council District: 14

To: The Mayor
The Council

From: William T Fujioka, 
City Administrative Officer

Reference: Community Redevelopment Agency (CRA) transmittal dated March 4, 2002

Subject: Various Actions Relative to Santee Court Multi-Family Conversion Project in the Central Business District Redevelopment Project Area (CBDRPA)

RECEIVED
CITY CLERK'S OFFICE
2002 APR 16 AM 7:25
BY _____
CITY CLERK

SUMMARY

The CRA requests approval of the joint resolution (attached to the CRA transmittal dated March 4, 2002) by the CRA and the City Council, which includes the minutes of the public hearing, as required by federal law [Tax Equity and Fiscal Responsibility Act (TEFRA)], relative to the issuance of tax-exempt, multi-family housing revenue bonds (Bonds) in an amount not to exceed \$105 million for Santee Court Multi-Family Conversion Project (Project). The proposed Project is located along Los Angeles Street between 7th and Olympic Streets within the Eastside Industrial portion of the CBDRPA. Except for the site for the parking, the Developer has indicated that they possess 100% site control. The proposed Project has 10 mostly vacant buildings, of which the majority are located within the Federal Empowerment Zone, State Enterprise Zone, City Tax-Free Zone and the Fashion District Business Improvement District. The development will be developed in five phases and has the following three components:

- 910 Gerry Building will house 115,000 square feet (sf) of fashion showrooms;
- Santee Court (nine buildings, three phases) will consist of 604 residential units, 122,100 sf of ground floor retail and restaurants, an alley promenade, and rooftop terraces; and,
- An adjacent 500 space off-site parking garage (Developer is currently working to secure a site).

The CRA also requests authority to submit an application to the California Debt Limit Allocation Committee (CDLAC) relative to the issuance of Bonds for the purpose of financing the acquisition and rehabilitation of the Project. As the governmental unit having jurisdiction over the area in which the Project is located, Internal Revenue Service (IRS) regulations require that either the City Council or the Mayor approve the public process required (TEFRA) prior to the issuance of the Bonds by the California Statewide Communities Development Authority (CSCDA).

**ECONOMIC DEVELOPMENT
& EMPLOYMENT**

**HOUSING & COMMUNITY
DEVELOPMENT**

APR 18 2002

The adoption of the resolution is a prerequisite for the CDLAC to award a private activity bond allocation and for the subsequent issuance of Bonds by the CSCDA. The CSCDA is a Joint Exercise of Powers Authority consisting of numerous California cities, counties and special districts, including the City of Los Angeles (City). The CSCDA is authorized to assist in the financing of facilities for non-profit public benefit organizations pursuant to its Amended and Restated Joint Exercise of Powers Agreement.

The deadline is Wednesday, April 17, 2002 for CSCDA to submit an application to CDLAC to compete for an allocation for the second round of the State's 2002 tax-exempt bond ceiling. For the third round, the deadline for the application submittal is Wednesday, July 17. Although the CSCDA will be the issuer of the Bonds for the Project, the financing cannot proceed without approval by the City of the minutes of TEFRA public hearing process. The hearing allows for comments from the public on the issuance of Bonds and the results must be reported to the CRA Board, the City Council or the Mayor, and CDLAC. The public hearing was conducted on March 1, 2002 and the CRA reported that no objections from the public were raised.

On December 19, 2001, the CRA Board approved the first CRA transmittal for the Project that contained, among other things, the following requests:

- Submit an application to CDLAC relative to the issuance of Bonds in an amount not to exceed \$80 million for the Project;
- Publish notice for, conduct, and transmit to the City Council for approval by resolution, the minutes of a public hearing as required by federal law (TEFRA); and,
- Grant a waiver from the provisions of the CRA's Prevailing Wage Policy (which was approved on February 24, 1986), as the Project will not receive any public funding. Effective January 1, 2002, recent changes in State Law exempt qualified residential projects from the Prevailing wage provision provided that the Bonds are allocated by December 31, 2003.

On January 4, 2002, the CRA requested that the City Council temporarily not schedule any actions relative to the Project. The CRA stated that the Developer, MJW Investments, had withdrawn their request for the CRA to serve as the conduit issuer for the Bonds and was exploring alternative means of bond issuance. Then, the second CRA transmittal was forwarded to the City Council for consideration on March 4, 2002. This CRA transmittal referenced a request for a higher bond allocation amount (\$105 million). However, the CRA transmittal did not contain any financial assessment of the Project.

On April 12, 2002, the CRA submitted to our Office a third transmittal that contained additional information, including the Project's proposed sources and uses of funds, as provided by the Developer. The third CRA transmittal estimates the development costs for the Santee Court and the parking garage portions of the Project at \$108 million. Based on the third CRA transmittal, it appears that the proposed Project contains a funding gap of \$7 million, which the Developer states is the required developer cash equity contribution (Attachment One). Based on the third CRA transmittal, the proposed Project does not require any additional Public funds and the other proposed funding sources being considered for the Project, which total \$101 million, are as follows:

- Bonds in the amount of \$93.7 million;
- Historic tax credits in the amount of \$3.7 million; and,
- Low income housing tax credits in the amount of \$3.6 million.

The Developer, MJW Investments, submitted information to CRA that estimates the development cost for the Santee Court portion of the Project at \$100 million (Attachment One and Two). However, the Community Development Department (CDD), who is working on the underwriting for the Project for Section 108 loan funds (approximately \$9 to 11 million) was provided separate Project financing information from the Developer, which estimates the development cost for the Santee Court portion of the Project at \$117 million. The Santee Court portion of the Project will be developed in three phases and the Developer provided the following costs for each respective phases to CDD and to CRA (in \$million):

| Phases | CRA | CDD |
|---------------|--------------|--------------|
| I | \$ 18 | \$ 39 |
| II | 50 | 53 |
| III | <u>32</u> | <u>25</u> |
| Totals | \$100 | \$117 |

The City Council also approved \$400,000 in Community Development Block Grant (CDBG) funds for this Project in October 2001. The CDBG funds were for predevelopment activities, such as studies, reports, plans and other related documents for the future rehabilitation of the historic Gerry Building located at 910 Los Angeles Street, which is not located in an Empowerment Zone (CF No. 01-0012). The renovation of the historic Gerry Building commenced in 2001. In addition, CDD is currently working on the following proposed public funding sources being considered for the Project:

- Section 108 loan funds, subject to the approval of the US Department of Housing and Urban Development (HUD) and the City, for gap financing for non-construction/tenant improvement and retail related costs after construction is complete (CDD is working on the Project underwriting); and,
- Tax-exempt Empowerment Zone or Facility bond financing for the parking garage (The Developer has met with both CDD and the Los Angeles Department of Transportation to explore financing options with the City for the financing gap for the parking component).

We reviewed the CRA recommendations for conduit financing, in the form of Bonds, to be issued by CSCDA for the Project. We believe that the proposed re-use of these mostly vacant buildings furthers several redevelopment goals including the:

- Adaptive re-use of vacant and under-utilized buildings;
- Promotion of residential development in the Downtown; and,
- Introduction of mixed use development into sub-districts of the Downtown.

However, there are other public policy considerations, discussed herein, that must be considered for the proposed Project. The filing of a CDLAC application by CSCDA for the purpose of financing the acquisition and rehabilitation of the Project does not involve any financial obligation on the part of the City or the CRA. Therefore, the City ordinarily does not review the Project underwriting, which will

be prepared by CSCDA (the Bond issuer). However, when a project is recommended for this conduit financing and the City is not the issuer, the following typically occurs:

- All the project funding sources are identified (i.e. fully funded); and,
- A City department has reviewed, at minimum, the project pro-forma, which includes the proposed sources and uses of the funds.

This Office would typically receive from the CRA (or other sponsoring department) an assessment of the entire Project financing and proposed uses and sources of funds. This information would be incorporated into our report for the Mayor and City Council for informational purposes. The additional financial information submitted by the CRA to our Office on April 12, 2002 states that the CRA staff has made no independent examination of the Project financing and of the Developer's ability to make required developer cash equity contribution of \$7 million. In addition, the CDD is working on the Project underwriting that, if approved, will provide public funds to the Santee Court portion of the Project. Moreover, the total development costs for the Santee Court portion of the Project, as provided by the CRA and CDD, are different. Therefore at the present time, the actual amount of the funding gap it is unclear. The lack of independent examination of the Project financing by a sponsoring department makes it difficult for our Office to recommend that the TEFRA approval go forward at the present time.

The lack of a financial assessment of the proposed Project by the CRA raises several policy and financing issues, as follows:

- Projects approved by CSCDA are not required to comply with the Prevailing wage and/or Davis-Bacon wage provision. (The Office of the City Attorney has indicated that the City has the authority to impose local conditions of approval when ratifying a TEFRA);
- As a result of different development costs for the Santee Court portion of the Project, the actual amount of the funding gap is unclear at the present time (In the CRA transmittal dated April 12, 2002, the funding gap of \$7 million represents the required developer cash equity contribution);
- Additional City financial resources, if approved, may be used in the future for the Project. If the funds are from the federal government (i.e., Section 108 funds), the payment of Prevailing wage and/or Davis-Bacon wage could be required; and,
- It is unclear whether the Developer has secured the site for parking, but CDD is currently exploring bond-financing options for the financing gap for the parking garage. It should be noted that the Project site will be redeveloped pursuant to the Adaptive Reuse Ordinance No. 172,571 and Adaptive Reuse projects are exempt from the off site parking provisions of the Los Angeles Municipal Code, Section 12.21A4(m) (CF No. 97-0648). (If sufficient parking however is not provided for residential units developed by the Project, the units' marketability could potentially be impaired).

In order for the Mayor and the City Council to make the best informed decision as to the approval of the TEFRA resolution, we recommend that the CRA, with the assistance of other necessary departments, complete an independent examination of the Project. This independent examination should include, but is not limited to, a clear delineation of all the project costs, sources and uses of the proposed funds and determination of the applicability of the Prevailing wage provision.

Notwithstanding the policy and financing issues discussed in the report, the Office of the City Attorney indicates the IRS regulations only require that either the City Council or the Mayor approve the public process required (TEFRA) prior to the issuance of the Bonds by the CSCDA. The Office of the City Attorney also indicates that CSCDA (the bond issuer), and not the City, is legally liable for the Project financing.

Therefore, if the City Council and/or the Mayor act to approve TEFRA resolution for the Project, we recommend for approval a TEFRA resolution that will be prepared by Office of the City Attorney, which will only contain the minutes of the public hearing, as required by federal law. Without a financial assessment of the proposed Project by the CRA, we do not recommend for approval the TEFRA resolution attached to the CRA transmittal dated March 4, 2002, which states that the City Council approves the financing of the Project by the CSCDA with the Bond proceeds.

RECOMMENDATIONS

This Office can not support the approval of the public process required [Tax Equity and Fiscal Responsibility Act (TEFRA)] for the Santee Court Multi-Family Conversion Project (Project) as a result of the following public policy and cost implication issues: 1) Determination whether or not to impose local conditions of approval (i.e., Prevailing wage) when ratifying a TEFRA; 2) Uncertainty due to the different development costs for the Santee Court portion of the proposed Project; 3) Absence of an independent review by the sponsoring department; 4) Uncertainty of the future use of additional public funds (i.e., Section 108 loan funds) relative to the applicability of the Prevailing wage and/or Davis-Bacon wage requirement. As an alternative, we recommend the following actions be taken.

That the City Council, subject to the approval of the Mayor:

1. Not approve the resolution (attached to the CRA transmittal dated March 4, 2002), which includes the minutes of the public hearing conducted pursuant to the TEFRA relative to the issuance of tax-exempt, multi-family housing revenue bonds (Bonds) in an amount not to exceed \$105 million to be issued by the California Statewide Communities Development Authority (CSCDA) for the Project;
2. Instruct designees from the Community Redevelopment Agency (CRA), with assistance of the Community Development Department (CDD), Los Angeles Housing Department (LAHD) and any other necessary departments to review, as a team, the proposed financing, in whole or in part, for the Project and determine the potential impact to the City, if any, its General Fund, and any other funding sources and report back within three weeks;
3. Instruct the CRA Administrator, or designee, to review and submit within three weeks for approval: 1) the financial feasibility relative to the conduit financing in an amount not to exceed \$105 million of tax-exempt, multi-family housing revenue bonds (Bonds) to be issued by the California Statewide Communities Development Authority (CSCDA); and, 2) a determination of compliance with California Debt Limit Allocation Committee (CDLAC) and of compliance with City policies and procedures prior to the approval of TEFRA resolution for the Project;

4. Instruct the General Manager, CDD, or designee, to obtain all required documentation for the Section 108 loan underwriting, subject to the approval of US Department of Housing and Urban Development (HUD), for the Project as soon as possible;
5. Instruct the General Manager, CDD, or designee, to submit within three weeks for City Council and Mayor consideration, the Section 108 loan underwriting documents, subject to the approval of HUD, for the Project, which shall include: 1) all project costs; 2) sources and uses of proposed funds; 3) an agreement with the City that includes the developer's agreement to repay the debt if project cash flows are insufficient; 4) compliance with HUD (i.e., Prevailing wage and/or Davis-Bacon wage provision) and, 5) compliance with all environmental requirements have been met;
6. Instruct the General Manager, CDD, or designee, to submit any proposals, when complete, for City Council and Mayor consideration for bond-financing for the parking for the Project; and,
7. Instruct the Office of the City Attorney to review the recent changes in State Law and determine if the recent changes make Prevailing wage applicable to the proposed Project.

FISCAL IMPACT STATEMENT

There is no General Fund impact at the present time. If the TEFRA resolution is approved, the City authorization is for the issuance of tax-exempt, multi-family housing revenue Bonds (Bonds) to be issued by the California Statewide Communities Development Authority. The Bonds will generate proceeds in an amount not to exceed \$105 million for the Santee Court Multi-Family Conversion Project.

WTF:LMJ:vnn:39287c

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

Fax
Number 213 977 1666

Attachment I

Date APR 12 2002

File Code

213 977 1600

Council File: 02-0029
Council District: 9.14
Contact Person: Don Spivack
(213) 977-1682

Honorable Council of the City of Los Angeles
Economic Development Committee
City Hall, Room 395
200 North Spring Street
Los Angeles, CA 90014

Attention: Alan Alietti, City Clerk

RE: COUNCIL TRANSMITTAL FOR SANTEE COURT

Attached herewith is a report to the Council the regarding referenced project. This is for use in conjunction with considering the resolution approving the Issuance of Multifamily Housing Revenue Bonds, as requested in the Agency transmittal, dated March 4, 2002.

If there are any questions, please contact Don Spivack at (213) 977-1682 or Mark Johnson at (213) 977-2656.

Very truly yours,


Jerry A. Scharlin
Administrator

cc: Alan Alietti, Office of the City Clerk
Miranda Pastor, Office of the City Clerk
Lisa Johnson, Scott Eritano, Office of the CAO
Paul Smith, Ivania Sobalvarro, Office of the CLA
Neil Blumenkopf, Office of the City Attorney
Colin Chiu, Office of the City Attorney
Carmel Sella, Office of the Mayor
Councilmember Perry
Councilmember Pacheco

Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair
Javier O. Lopez, Treasurer
Greta T. Hutton
Coby A. King
Douglas R. Ring
Christine M. Robert

Jerry A. Scharlin
Administrator

SANTEE COURT PROJECT DESCRIPTION

The following information is taken from the Mitigated Negative Declaration dated October 3, MJW correspondence dated November 28 to the Agency in response to a request for project information needed for the December 19 Board meeting, application dated February 6 by MJW to California Statewide Communities Development Authority, City Council Resolution drafted February 19 by bond counsel, Market Analysis dated March 2002, and commitment for bond credit facility dated April 10 by Lend Lease for Fannie Mae guarantee. The Agency is relying upon these sources for the following information.

AFFORDABILITY

Federal tax law requires that tax-exempt bond financed projects set aside, for as long as bonds are outstanding, a minimum of 20% of all units for tenants with incomes not exceeding 50% of median income adjusted for family size. Projects receiving private activity bond allocation from the California Debt Limit Allocation committee automatically qualify to apply for "4%" federal low income housing tax credits, but use triggers a 55 year restriction running with the land that is separate from the bond imposed requirement. The Santee Court project may also qualify for federal historic preservation tax credits on certain properties. Tax credit syndication proceeds typically constitute a substantial portion of developer cash equity on most affordable housing projects.

Attached are schedules showing for each individual building the distribution of market rate and affordable units with recommended rent rates. In summary, there will be 483 market rate units averaging 791 square feet with a recommended base rent rate of \$2.40 per square foot for an average monthly rental of \$1,898. There will be 121 affordable units averaging 633 square feet with a recommended base rent rate of \$0.91 per square foot for an average monthly rental of \$575. The rent levels reflect current market conditions which may not prevail at the time of project completion and marketing.

SOURCES AND USES OF FUNDS

Estimated Development Cost Budget:

Residential Buildings

| | |
|------------------|---------------|
| Construction | \$ 49,619,000 |
| A&E | 2,592,833 |
| Fees | 2,182,744 |
| Financing | 11,155,395 |
| Other Soft Costs | 2,298,503 |
| Land | 18,460,104 |
| Subtotal | \$ 86,308,578 |

Off-Site Parking \$ 8,068,950

Ground Floor Commercial
(excluding 910 Gerry) \$ 13,898,686

TOTAL USES \$108,276,214

Estimated Financing:

Bonds
(per Lend Lease-Fannie Mae) \$ 93,750,000

Historic Preservation
Tax Credits (per MJW) \$ 3,732,580

Low Income Housing Tax
Credits (basis ~\$75 mil.) \$ 3,635,000

Indicated GAP \$ 7,158,634

TOTAL FUNDING \$108,276,214

GAP represents required developer cash equity contribution of some 6.6% of development costs. Agency staff has made no independent examination of developer's ability to make this level of investment.

NOTE: These estimates may be subject to change as development analysis progresses.

SANTEE COURT**Affordable Units at Santee Court**

The following are the definitions of "Household Income" as defined by the United States Department of Housing and Urban Development (HUD):

- **Moderate-income household** means a family whose household income does not exceed 120% of the median income for the Standard Metropolitan Statistical Area.
- **Low-income household** means a family whose household income does not exceed 80% of the median income for the Standard Metropolitan Statistical Area.
- **Very low-income household** means a family whose household income does not exceed 50% of the median income for the Standard Metropolitan Statistical Area.

The following are the appropriate rental rates for the affordable component of Santee Court. The affordable component for Phase I, II and III of Santee Court is comprised entirely of very low-income units. The affordable rents are governed by CDLAC (California Debt Limit Allocation Committee). The rents reflected in the following tables are calculated using 30 percent of the tenant's income that can be allocated to rent.

Affordable Units at Santee Court as of February 2002

| Building | No. of Units | Unit Type | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|---------------------|------------------|---------------------|---------------------|---------------------|
| 700 | 9 | 2B | 732 | \$620 | \$.85 |
| | 3 | 3B | 990 | \$689 | \$.70 |
| 716 | 15 | 1B | 588 | \$551 | \$.94 |
| 722/724 | 8 | 1B | 626 | \$551 | \$.88 |
| 738 | 30 | 1B | 529 | \$551 | \$1.04 |
| 743 | 12 | 1B | 638 | \$551 | \$.86 |
| | 4 | 3B | 1,051 | \$689 | \$.66 |
| 746 | 18 | 1B | 525 | \$551 | \$1.05 |
| 315 | 15 | 2B | 722 | \$620 | \$.86 |
| | 2 | 3B | 1,056 | \$689 | \$.65 |
| 824 | 5 | 1B | 611 | \$551 | \$.90 |
| Total/ Weighted Avg. | 121 | | 633 | \$575 | \$.91 |

SANTEE COURT

**Pricing Recommendations — Live-Work
Building 315 — 13 Stories
February 2002**

| No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|---------------|----------------|---------------|
| 5 | 712 | \$1,775 | \$2.49 |
| 2 | 730 | \$1,800 | \$2.47 |
| 11 | 795 | \$1,875 | \$2.36 |
| 11 | 855 | \$1,950 | \$2.28 |
| 11 | 865 | \$1,975 | \$2.28 |
| 9 | 1,056 | \$2,400 | \$2.28 |
| 11 | 1,235 | \$2,800 | \$2.27 |
| 2 | 2,000 - P - B | \$4,500 | \$2.25 |
| Total/ Weighted Avg. | 62 | \$2,221 | \$2.30 |

*B — Represents Balconies (1 Total) P — Represents Penthouse
Note: Prime views and arched windows on the 2nd + 12th floors.*

**Pricing Recommendations — Live-Work
Building 824 — 5 Stories
February 2002**

| No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|---------------|----------------|---------------|
| 1 | 561 | \$1,500 | \$2.67 |
| 1 | 617 | \$1,600 | \$2.59 |
| 1 | 668 | \$1,675 | \$2.51 |
| 1 | 668 - B | \$1,725 | \$2.58 |
| 1 | 670 | \$1,725 | \$2.57 |
| 1 | 670 - B | \$1,800 | \$2.34 |
| 3 | 770 | \$1,800 | \$2.32 |
| 1 | 804 | \$1,850 | \$2.30 |
| 2 | 804 - B | \$1,900 | \$2.36 |
| 1 | 817 | \$1,925 | \$2.36 |
| 2 | 842 | \$1,950 | \$2.32 |
| 1 | 849 - B | \$2,000 | \$2.36 |
| 1 | 899 | \$2,000 | \$2.23 |
| 1 | 899 - B | \$2,100 | \$2.34 |
| 7 | 983 | \$2,200 | \$2.24 |
| 1 | 1,298 | \$2,700 | \$2.08 |
| 1 | 1,306 - B | \$2,850 | \$2.18 |
| 1 | 1,000 - P - B | \$3,000 | \$3.00 |
| Total/ Weighted Avg. | 28 | \$2,034 | \$2.35 |

B — Represents Balconies (8 Total) P — Represents Penthouse

SANTEE COURT

**Pricing Recommendations — Live-Work
Building 743 — 11 Stories
February 2002**

| No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|---------------|----------------|---------------|
| 51 | 626 | \$1,625 | \$2.60 |
| 9 | 686 | \$1,700 | \$2.48 |
| 9 | 724 | \$1,750 | \$2.42 |
| 10 | 871 | \$1,950 | \$2.24 |
| 8 | 872 - B | \$2,100 | \$2.41 |
| 5 | 1,051 | \$2,500 | \$2.39 |
| 9 | 1,108 | \$2,700 | \$2.44 |
| 1 | 2,500 - P - B | \$6,500 | \$2.60 |
| Total/ Weighted Avg. | 102 | \$1,897 | \$2.48 |

*B — Represents Balconies (9 Total) P — Represents Penthouse
Note: Great eastern mountain views above the 4th floor.*

**Pricing Recommendations — Live-Work
Building 746 — 11 Stories
February 2002**

| No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|---------------|----------------|---------------|
| 27 | 583 | \$1,525 | \$2.62 |
| 9 | 600 | \$1,575 | \$2.63 |
| 18 | 623 | \$1,625 | \$2.60 |
| 9 | 660 | \$1,675 | \$2.54 |
| 9 | 761 | \$1,800 | \$2.37 |
| 9 | 934 | \$2,200 | \$2.36 |
| 9 | 1,005 | \$2,500 | \$2.49 |
| 9 | 1,015 | \$2,500 | \$2.46 |
| 1 | 3,000 - P - B | \$7,700 | \$2.57 |
| Total/ Weighted Avg. | 100 | \$1,884 | \$2.52 |

*B — Represents Balconies (1 Total) P — Represents Penthouse
Note: Best views on the west side.*

SANTEE COURT

**Pricing Recommendations — Live-Work
Building 722/724 — 5 Stories
February 2002**

| No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|--------------|----------------|---------------|
| 20 | 712 | \$1,675 | \$2.35 |
| 4 | 735 - B | \$1,775 | \$2.42 |
| 4 | 769 | \$1,800 | \$2.34 |
| 4 | 790 - B | \$1,875 | \$2.37 |
| 4 | 803 | \$1,850 | \$2.30 |
| 4 | 814 - B | \$1,900 | \$2.26 |
| 4 | 839 | \$1,900 | \$2.26 |
| 4 | 902 | \$2,025 | \$2.25 |
| 4 | 916 | \$2,100 | \$2.29 |
| 4 | 1,074 - B | \$2,500 | \$2.33 |
| 4 | 1,225 | \$2,750 | \$2.24 |
| Total/ Weighted Avg. | 60 | \$1,923 | \$2.32 |

B - Represents Balconies (16 Total)

**Pricing Recommendations — Live-Work
Building 738 — 8 Stories
February 2002**

| No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|--------------|----------------|---------------|
| 30 | 544 | \$1,350 | \$2.48 |
| 1 | 591 | \$1,425 | \$2.41 |
| 5 | 591 - B | \$1,475 | \$2.50 |
| 6 | 675 | \$1,600 | \$2.37 |
| 6 | 768 | \$1,800 | \$2.34 |
| 6 | 804 | \$1,850 | \$2.30 |
| 1 | 2000 - P | \$4,500 | \$2.25 |
| Total/ Weighted Avg. | 55 | \$1,551 | \$2.41 |

*B - Represents Balconies (5 Total) P - Represents Penthouse
Note: Nice views from 7th floor.*

SANTEE COURT**Pricing by Unit Type**

The following tables represent the individual pricing for the market rate units by unit type.

**Pricing Recommendations — Live-Work
Building 700 — 5 Stories
February 2002**

| No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|--------------|----------------|---------------|
| 8 | 499 | \$1,250 | \$2.51 |
| 12 | 610 | \$1,450 | \$2.38 |
| 7 | 725 | \$1,700 | \$2.34 |
| 12 | 824 | \$1,900 | \$2.31 |
| 4 | 939 | \$2,150 | \$2.29 |
| 1 | 990 | \$2,275 | \$2.30 |
| 4 | 1,172 | \$2,600 | \$2.22 |
| 4 | 1,689 | \$3,300 | \$1.95 |
| Total/ Weighted Avg. | 52 | \$1,857 | \$2.27 |

Note: This is a corner building with art deco exterior

**Pricing Recommendations — Live-Work
Building 716 — 4 Stories
February 2002**

| No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|--------------|----------------|---------------|
| 12 | 600 | \$1,500 | \$2.50 |
| 3 | 650 | \$1,600 | \$2.46 |
| 3 | 762 | \$1,800 | \$2.36 |
| 3 | 990 | \$2,350 | \$2.37 |
| 3 | 1,068 | \$2,500 | \$2.34 |
| Total/ Weighted Avg. | 24 | \$1,781 | \$2.43 |

Note: Premium is due to extra large windows.

39287c

Overview of Each Phase and Matrix of Project Sources

910 - GERRY BUILDING *(Also referred as the 910 Building)*

Located directly across from the California Mart on Los Angeles Street just south of 9th Street, this historic building will be rehabilitated as a *fashion and design center*. The first phase of the 115,000 square foot project is being implemented immediately. Rents for comparable space range from \$1.50 to \$2.25/SF. Unfortunately, the building is not located in an empowerment zone.

115,000 Square Feet Retail.

| | | |
|---------------------------------|--------------|----------|
| Total Development Cost | \$9.0 | Million |
| Total Source of Funds | \$7.1 | M |
| Total Gap Gerry Building | \$1.9 | M |

SANTEE COURT *(Nine buildings; Three phases)*

The project has a critical mass of over 671,000 square feet and will advance the "24-hour city" for Downtown LA. There are three components to this mixed-use/mixed-income project:

- Affordable Housing (121 Units)
- Market Rate Housing (483 Units)
- Ground floor retail (with 400 foot outdoor alley courtyard) – 110,000 SF

Gap attributed to:

- Creation of affordable housing reduces financing ability by \$10M.
- High cost and uncertainty of acquiring parking.
- Cost of converting basements for on-site parking.

TOTAL PROJECT (Santee Court & Gerry Building, all phases inclusive)

| | | |
|---------------------------------|---------------|----------|
| Total Development Cost | \$100.2 | Million |
| Total Source of Funds | \$84 | M |
| Total Gap Entire Project | \$16.2 | M |

PARKING GARAGE

A 500-space Parking Garage is to be developed adjacent to the residential sites. At present MJW is working to secure a site that would work well for this purpose.

| | | |
|---------------------------------|--------------|----------|
| Total Development Cost | \$8.0 | Million |
| Total Source of Funds | \$5.3 | M |
| Total Gap Entire Project | \$2.7 | M |

Santee Court – Residential and Retail Summary

Phase I (Order of project phases may change depending on construction demands.)

The analysis assumes 112 live-work units with 14,600 square feet of ground floor retail space. Phase one includes the 315 Building and 824 Building. July 2002, tentative start date.

| | | |
|------------------------|------|---------|
| Total Development Cost | \$18 | Million |
| Total Source of Funds | \$15 | M |
| Total Gap Phase One | \$3 | M |

Phase 2

The analysis assumes 321 live-work units with 37,000 square feet of ground floor retail space, including the 25,000 square foot private alley designed to accommodate shops, cafes and pedestrian activities. Phase two includes the 738, 743 and 746 Buildings. December 2002, tentative start date.

| | | |
|------------------------|------|---------|
| Total Development Cost | \$50 | Million |
| Total Source of Funds | \$42 | M |
| Total Gap Phase Two | \$8 | M |

Phase 3

The analysis assumes 171 live-work units with 46,000 square feet of ground floor retail space. Phase three includes the 700, 716, 722 & 724 Buildings. July 2003, tentative start date.

| | | |
|------------------------|------|---------|
| Total Development Cost | \$32 | Million |
| Total Source of Funds | \$27 | M |
| Total Gap Phase Three | \$5 | M |

Community Redevelopment Agency

7

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date **APR 12 2002**
File Code

Council File:
Council District:
Contact Person:

02-0029
9, 14
Don Spivack
(213) 977-1682

Honorable Council of the City of Los Angeles
Economic Development Committee
City Hall, Room 395
200 North Spring Street
Los Angeles, CA 90014

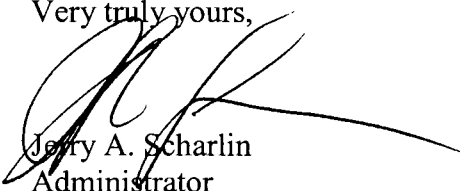
Attention: Alan Alietti, City Clerk

RE: COUNCIL TRANSMITTAL FOR SANTEE COURT

Attached herewith is a report to the Council the regarding referenced project. This is for use in conjunction with considering the resolution approving the Issuance of Multifamily Housing Revenue Bonds, as requested in the Agency transmittal, dated March 4, 2002.

If there are any questions, please contact Don Spivack at (213) 977-1682 or Mark Johnson at (213) 977-2656.

Very truly yours,


Jerry A. Scharlin
Administrator

cc: Alan Alietti, Office of the City Clerk
Miranda Pastor, Office of the City Clerk
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Coby A. King
Douglas R. Ring
Christine M. Robert

Jerry A. Scharlin
Administrator

**ECONOMIC DEVELOPMENT
& EMPLOYMENT**

**HOUSING & COMMUNITY
DEVELOPMENT**

APR 18 2002

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BY CITY CLERK

SANTEE COURT PROJECT DESCRIPTION

The following information is taken from the Mitigated Negative Declaration dated October 3, MJW correspondence dated November 28 to the Agency in response to a request for project information needed for the December 19 Board meeting, application dated February 6 by MJW to California Statewide Communities Development Authority, City Council Resolution drafted February 19 by bond counsel, Market Analysis dated March 2002, and commitment for bond credit facility dated April 10 by Lend Lease for Fannie Mae guarantee. The Agency is relying upon these sources for the following information.

AFFORDABILITY

Federal tax law requires that tax-exempt bond financed projects set aside, for as long as bonds are outstanding, a minimum of 20% of all units for tenants with incomes not exceeding 50% of median income adjusted for family size. Projects receiving private activity bond allocation from the California Debt Limit Allocation committee automatically qualify to apply for "4%" federal low income housing tax credits, but use triggers a 55 year restriction running with the land that is separate from the bond imposed requirement. The Santee Court project may also qualify for federal historic preservation tax credits on certain properties. Tax credit syndication proceeds typically constitute a substantial portion of developer cash equity on most affordable housing projects.

Attached are schedules showing for each individual building the distribution of market rate and affordable units with recommended rent rates. In summary, there will be 483 market rate units averaging 791 square feet with a recommended base rent rate of \$2.40 per square foot for an average monthly rental of \$1,898. There will be 121 affordable units averaging 633 square feet with a recommended base rent rate of \$0.91 per square foot for an average monthly rental of \$575. The rent levels reflect current market conditions which may not prevail at the time of project completion and marketing.

SOURCES AND USES OF FUNDS

Estimated Development Cost Budget:

Residential Buildings

| | |
|------------------|-------------------|
| Construction | \$ 49,619,000 |
| A&E | 2,592,833 |
| Fees | 2,182,744 |
| Financing | 11,155,395 |
| Other Soft Costs | 2,298,503 |
| Land | <u>18,460,104</u> |
| Subtotal | \$ 86,308,578 |

Off-Site Parking \$ 8,068,950

Ground Floor Commercial
(excluding 910 Gerry) \$ 13,898,686

TOTAL USES \$108,276,214

Estimated Financing:

Bonds

(per Lend Lease-Fannie Mae) \$ 93,750,000

Historic Preservation

Tax Credits (per MJW) \$ 3,732,580

Low Income Housing Tax

Credits (basis ~\$75 mil.) \$ 3,635,000

Indicated GAP \$ 7,158,634

TOTAL FUNDING \$108,276,214

GAP represents required developer cash equity contribution of some 6.6% of development costs. Agency staff has made no independent examination of developer's ability to make this level of investment.

NOTE: These estimates may be subject to change as development analysis progresses.

Affordable Units at Santee Court

The following are the definitions of "Household Income" as defined by the United States Department of Housing and Urban Development (HUD):

- **Moderate-income household** means a family whose household income does not exceed 120% of the median income for the Standard Metropolitan Statistical Area
- **Low-income household** means a family whose household income does not exceed 80% of the median income for the Standard Metropolitan Statistical Area.
- **Very low-income household** means a family whose household income does not exceed 50% of the median income for the Standard Metropolitan Statistical Area.

The following are the appropriate rental rates for the affordable component of Santee Court. The affordable component for Phase I, II and III of Santee Court is comprised entirely of very low-income units. The affordable rents are governed by CDLAC (California Debt Limit Allocation Committee). The rents reflected in the following tables are calculated using 30 percent of the tenant's income that can be allocated to rent.

Affordable Units at Santee Court as of February 2002

| Building | No. of Units | Unit Type | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|--------------|-----------|--------------|--------------|--------------|
| 700 | 9 | 2B | 732 | \$620 | \$.85 |
| | 3 | 3B | 990 | \$689 | \$.70 |
| 716 | 15 | 1B | 588 | \$551 | \$.94 |
| 722/724 | 8 | 1B | 626 | \$551 | \$.88 |
| 738 | 30 | 1B | 529 | \$551 | \$1.04 |
| 743 | 12 | 1B | 638 | \$551 | \$.86 |
| | 4 | 3B | 1,051 | \$689 | \$.66 |
| 746 | 18 | 1B | 525 | \$551 | \$1.05 |
| 315 | 15 | 2B | 722 | \$620 | \$.86 |
| | 2 | 3B | 1,056 | \$689 | \$.65 |
| 824 | 5 | 1B | 611 | \$551 | \$.90 |
| Total/ Weighted Avg. | 121 | | 633 | \$575 | \$.91 |

**Pricing Recommendations — Live-Work
Building 315 – 13 Stories
February 2002**

| | No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 5 | 712 | \$1,775 | \$2.49 |
| | 2 | 730 | \$1,800 | \$2.47 |
| | 11 | 795 | \$1,875 | \$2.36 |
| | 11 | 855 | \$1,950 | \$2.28 |
| | 11 | 865 | \$1,975 | \$2.28 |
| | 9 | 1,056 | \$2,400 | \$2.28 |
| | 11 | 1,235 | \$2,800 | \$2.27 |
| | 2 | 2,000 – P - B | \$4,500 | \$2.25 |
| Total/ Weighted Avg. | 62 | 964 | \$2,221 | \$2.30 |

*B – Represents Balconies (1 Total) P – Represents Penthouse
Note: Prime views and arched windows on the 2nd + 12th floors.*

**Pricing Recommendations — Live-Work
Building 824 – 5 Stories
February 2002**

| | No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 1 | 561 | \$1,500 | \$2.67 |
| | 1 | 617 | \$1,600 | \$2.59 |
| | 1 | 668 | \$1,675 | \$2.51 |
| | 1 | 668 - B | \$1,725 | \$2.58 |
| | 1 | 670 | \$1,725 | \$2.57 |
| | 1 | 670 - B | \$1,800 | \$2.34 |
| | 3 | 770 | \$1,800 | \$2.32 |
| | 1 | 804 | \$1,850 | \$2.30 |
| | 2 | 804 - B | \$1,900 | \$2.36 |
| | 1 | 817 | \$1,925 | \$2.36 |
| | 2 | 842 | \$1,950 | \$2.32 |
| | 1 | 849 - B | \$2,000 | \$2.36 |
| | 1 | 899 | \$2,000 | \$2.23 |
| | 1 | 899 - B | \$2,100 | \$2.34 |
| | 7 | 983 | \$2,200 | \$2.24 |
| | 1 | 1,298 | \$2,700 | \$2.08 |
| | 1 | 1,306 - B | \$2,850 | \$2.18 |
| | 1 | 1,000 - P - B | \$3,000 | \$3.00 |
| Total/ Weighted Avg. | 28 | 865 | \$2,034 | \$2.35 |

B – Represents Balconies (8 Total)) P – Represents Penthouse

**Pricing Recommendations — Live-Work
Building 743 — 11 Stories
February 2002**

| | No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 51 | 626 | \$1,625 | \$2.60 |
| | 9 | 686 | \$1,700 | \$2.48 |
| | 9 | 724 | \$1,750 | \$2.42 |
| | 10 | 871 | \$1,950 | \$2.24 |
| | 8 | 872 - B | \$2,100 | \$2.41 |
| | 5 | 1,051 | \$2,500 | \$2.39 |
| | 9 | 1,108 | \$2,700 | \$2.44 |
| | 1 | 2,500 - P - B | \$6,500 | \$2.60 |
| Total/ Weighted Avg. | 102 | 765 | \$1,897 | \$2.48 |

B — Represents Balconies (9 Total) P — Represents Penthouse

Note: Great eastern mountain views above the 4th floor.

**Pricing Recommendations — Live-Work
Building 746 — 11 Stories
February 2002**

| | No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 27 | 583 | \$1,525 | \$2.62 |
| | 9 | 600 | \$1,575 | \$2.63 |
| | 18 | 623 | \$1,625 | \$2.60 |
| | 9 | 660 | \$1,675 | \$2.54 |
| | 9 | 761 | \$1,800 | \$2.37 |
| | 9 | 934 | \$2,200 | \$2.36 |
| | 9 | 1,005 | \$2,500 | \$2.49 |
| | 9 | 1,015 | \$2,500 | \$2.46 |
| | 1 | 3,000 - P - B | \$7,700 | \$2.57 |
| Total/ Weighted Avg. | 100 | 747 | \$1,884 | \$2.52 |

B — Represents Balconies (1 Total) P — Represents Penthouse

Note: Best views on the west side.

**Pricing Recommendations — Live-Work
Building 722/724 – 5 Stories
February 2002**

| | No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 20 | 712 | \$1,675 | \$2.35 |
| | 4 | 735 - B | \$1,775 | \$2.42 |
| | 4 | 769 | \$1,800 | \$2.34 |
| | 4 | 790 - B | \$1,875 | \$2.37 |
| | 4 | 803 | \$1,850 | \$2.30 |
| | 4 | 814 - B | \$1,900 | \$2.26 |
| | 4 | 839 | \$1,900 | \$2.26 |
| | 4 | 902 | \$2,025 | \$2.25 |
| | 4 | 916 | \$2,100 | \$2.29 |
| | 4 | 1,074 - B | \$2,500 | \$2.33 |
| | 4 | 1,225 | \$2,750 | \$2.24 |
| Total/ Weighted Avg. | 60 | 828 | \$1,923 | \$2.32 |

B - Represents Balconies (16 Total)

**Pricing Recommendations — Live-Work
Building 738 – 8 Stories
February 2002**

| | No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 30 | 544 | \$1,350 | \$2.48 |
| | 1 | 591 | \$1,425 | \$2.41 |
| | 5 | 591 - B | \$1,475 | \$2.50 |
| | 6 | 675 | \$1,600 | \$2.37 |
| | 6 | 768 | \$1,800 | \$2.34 |
| | 6 | 804 | \$1,850 | \$2.30 |
| | 1 | 2000- P | \$4,500 | \$2.25 |
| Total/ Weighted Avg. | 55 | 643 | \$1,551 | \$2.41 |

B – Represents Balconies (5 Total) P – Represents Penthouse

Note: Nice views from 7th floor.

Pricing by Unit Type

The following tables represent the individual pricing for the market rate units by unit type.

**Pricing Recommendations — Live-Work
Building 700 – 5 Stories
February 2002**

| | No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 8 | 499 | \$1,250 | \$2.51 |
| | 12 | 610 | \$1,450 | \$2.38 |
| | 7 | 725 | \$1,700 | \$2.34 |
| | 12 | 824 | \$1,900 | \$2.31 |
| | 4 | 939 | \$2,150 | \$2.29 |
| | 1 | 990 | \$2,275 | \$2.30 |
| | 4 | 1,172 | \$2,600 | \$2.22 |
| | 4 | 1,689 | \$3,300 | \$1.95 |
| Total/ Weighted Avg. | 52 | 817 | \$1,857 | \$2.27 |

Note: This is a corner building with art deco exterior

**Pricing Recommendations — Live-Work
Building 716 – 4 Stories
February 2002**

| | No. of Units | Average Size | Average Rent | Rent/Sq. Ft. |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 12 | 600 | \$1,500 | \$2.50 |
| | 3 | 650 | \$1,600 | \$2.46 |
| | 3 | 762 | \$1,800 | \$2.36 |
| | 3 | 990 | \$2,350 | \$2.37 |
| | 3 | 1,068 | \$2,500 | \$2.34 |
| Total/ Weighted Avg. | 24 | 734 | \$1,781 | \$2.43 |

Note: Premium is due to extra large windows.

REVISED COUNCIL TRANSMITTAL

**ECONOMIC DEVELOPMENT
& EMPLOYMENT**

**HOUSING & COMMUNITY
DEVELOPMENT**

APR 18 2002

Community Redevelopment Agency

of the City
of Los Angeles



354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date **MAR 04 2002**
File Code

Council File: 02-0029
Council District: 9, 14
Contact Person: Don Spivack
(213) 977-1682

Honorable Council of the City of Los Angeles
Room 395, City Hall

COUNCIL TRANSMITTAL:

As authorized by the Agency Board on December 19, 2001, transmitted herewith are minutes of a public hearing held on March 1, 2002, relative to the issuance of tax-exempt bonds for the Santee Court apartments project. The developer, MJW Investments, has applied to the California Statewide Communities Development Authority (the "Authority") to issue up to \$105,000,000 of bonds and the Agency no longer plans to act as the issuer.

Further Agency actions are not required beyond transmittal of the TEFRA public hearing minutes to the City Council. Accordingly, Recommendations B.1 and B.2 previously transmitted on January 2, 2002, concerning contract authorizations for bond counsel and underwriting services are withdrawn.

RECOMMENDATION

Adoption of the attached City Council Resolution is a prerequisite for the California Debt Limit Allocation Committee to award a private activity bond allocation and for the subsequent issuance of tax-exempt bonds by the Authority:

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES
APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS
FOR THE PURPOSE OF FINANCING THE ACQUISITION AND
REHABILITATION OF THE SANTEE COURT APARTMENTS**

Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair
Javier O. Lopez, Treasurer
Greta T. Hutton
Coby A. King
Douglas R. Ring
Christine M. Robert

Jerry A. Scharlin
Administrator

CRA
LA

RECEIVED
CITY CLERK'S OFFICE
2002 APR 16 AM 7:25
CITY CLERK
BX

ENVIRONMENTAL REVIEW


The Agency has adopted a resolution certifying that it has reviewed and considered the information in the City of Los Angeles Planning Department's Mitigated Negative Declaration, ENV-2001-4060-MND.

FISCAL IMPACT STATEMENT

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

URGENCY

The application deadline for the California Debt Limit Allocation Committee is April 17, 2002.


Jerry Scharlin, Administrator

cc: Alan Alietti, Office of the City Clerk (Original & 10
Copies)
Miranda Pastor, Office of the City Clerk
Lisa Johnson, Scott Eritano, Office of the CAO
Paul Smith, Ivania Sobalvarro, Office of the CLA
Neil Blumenkopf, Office of the City Attorney
Colin Chiu, Office of the City Attorney
Carmel Sella, Office of the Mayor
Councilmember Perry
Councilmember Pacheco

CRA
LA

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of Los Angeles

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FOR THE PURPOSE OF FINANCING THE ACQUISITION AND
REHABILITATION OF THE SANTEE COURT APARTMENTS**

Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair
Javier O. Lopez, Treasurer
Greta T. Hutton
Coby A. King
Douglas R. Ring
Christine M. Robert

Jerry A. Scharlin
Administrator

ECONOMIC DEVELOPMENT
& EMPLOYMENT
HOUSING & COMMUNITY
DEVELOPMENT

11:08 AM - 6 MAR 2002

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MAR 6 2002

ENVIRONMENTAL REVIEW

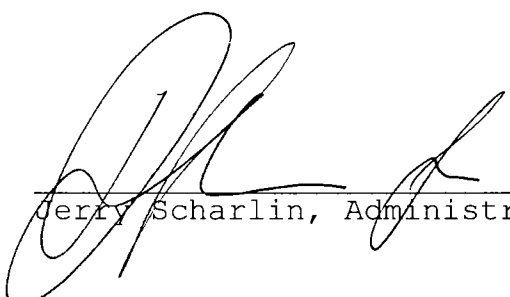
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URGENCY

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Jerry Scharlin, Administrator

cc: Alan Alietti, Office of the City Clerk (Original & 10
Copies)
Miranda Pastor, Office of the City Clerk
Lisa Johnson, Scott Eritano, Office of the CAO
Paul Smith, Ivania Sobalvarro, Office of the CLA
Neil Blumenkopf, Office of the City Attorney
Colin Chiu, Office of the City Attorney
Carmel Sella, Office of the Mayor
Councilmember Perry
Councilmember Pacheco

CRA

LA

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS FOR THE PURPOSE OF FINANCING THE ACQUISITION AND REHABILITATION OF THE SANTEE COURT APARTMENTS

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is authorized by the laws of the State of California (the "Law") to execute and deliver multifamily housing revenue obligations for the purpose of financing the acquisition, rehabilitation and development of multifamily residential rental facilities located within the area of operation of the Authority which are to be occupied, in part, by very low and low income tenants; and

WHEREAS, MJW Investments, on behalf of itself or a limited liability company, limited partnership or other legal entity (the "Borrower"), has requested the Authority to issue and deliver multifamily housing revenue obligations in the anticipated principal amount of \$105,000,000, which obligations may be issued in series the first of which will occur within one year from the date hereof and any remaining series being issued within three years from the issuance of the first series (collectively, the "Obligations"), the proceeds of all such series to be used for the purpose of financing the acquisition and rehabilitation of approximately 604 units of multifamily residential rental facilities to be commonly known as the Santee Court Apartments which will be located at 315 Eighth Street, 743 Santee Street, and 714, 716, 722, 724, 738, 746, 824 and 910 S. Los Angeles Street in the City of Los Angeles, California (the "Project"); and

WHEREAS, the Obligations to be issued and delivered to finance the acquisition and rehabilitation of the Project will be considered "qualified exempt facility bonds" under Section 142 (a) of the Internal revenue Code of 1986, as amended (the "Code"), and Section 147(f) of the Code requires that a properly noticed public hearing be held and, based upon the testimony at said public hearing, the "applicable elected representative" with respect to the Project approve the issuance and delivery by the Authority of the Obligations; and

WHEREAS, the Community Redevelopment Agency of the City of Los Angeles has held said public hearing, after proper public notice had been given, at which all those interested in speaking with respect to the financing of the Project were heard without any testimony in opposition to the Project.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The City Council hereby finds and determines that the foregoing recitals are true and correct.

2. The City Council hereby approves the financing of the Project by the Authority with the proceeds of the Obligations.

3. The issuance and delivery of the Obligations shall be subject to the approval of and execution by the Authority of all financing documents relating thereto to which the Authority is a party and subject to the sale of the Obligations by the Authority.

4. The City Clerk of the City shall forward a certified copy of this Resolution and a copy of the affidavit of publication of the public hearing notice to:

Thomas A. Downey
Jones Hall, A Professional Law Corporation
650 California Street, 18th Floor
San Francisco, California 94108

5. This resolution shall take effect upon its adoption.

PASSED AND ADOPTED this ____ day of _____, 2002, by the following roll call vote:

Ayes: Councilmembers
Nays: Councilmembers
Abstain: Councilmembers

ATTEST:

Mayor

City Clerk

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date **MAR 04 2002**
File Code

MINUTES OF PUBLIC HEARING

TO: THE CITY COUNCIL OF THE CITY OF LOS ANGELES

FROM: MARK W. JOHNSON, HEARING OFFICER *Mark W. Johnson*
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF LOS ANGELES

DATE: MARCH 1, 2002

SUBJECT: ISSUANCE OF TAX EXEMPT BONDS FOR SANTEE COURTS
APARTMENTS PROJECT

CRA
LA

At 10:00 A.M. on March 1, 2002, in the offices of the Community Redevelopment Agency of the City of Los Angeles, 354 South Spring Street, a public hearing was conducted pursuant to Section 147(f) of the Internal Revenue Code of 1986, a so-called "TEFRA hearing", to consider public comments on the proposed issuance of multifamily housing revenue bonds for the purpose of financing the acquisition and rehabilitation of the Santee Court Apartments.

I served as hearing officer. No public comments were received and the meeting was adjourned at 10:10 A.M.

Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair
Javier O. Lopez, Treasurer
Greta T. Hutton
Coby A. King
Douglas R. Ring
Christine M. Robert

Jerry A. Scharlin
Administrator

Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date JAN 04 2002

File Code CE2100

Council File:
Council District: 9, 14
Contact Person: Don Spivack
(213) 977-1682




Honorable Council of the City of Los Angeles
Room 395, City Hall

COUNCIL TRANSMITTAL:

This communication relates to a previously transmitted Board Memorandum adopted by the Agency Board on December 19, 2001, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO SANTEE COURT MULTI-FAMILY CONVERSION PROJECT CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT

It is requested that the City Council temporarily postpone and, therefore, not schedule any action regarding the above-referenced Santee Court transmittal. Alternative means of bond issuance are under exploration by the developer. We will contact the Council at such time as it becomes necessary to take action on this item.


Jerry Scharlin, Administrator

Attachment

cc: Alan Alietti, Office of the City Clerk (Original to Clerk Index & 10 Copies to Alan)
Himiko Nishiyama, Office of the City Clerk
Lisa Johnson, Office of the CAO
Paul Smith, Ivania Sobalvarro, Office of the CLA
Carmel Sella, Office of the Mayor
Neil Blumenkopf, Colin Chu, Office of the City Attorney
Councilmember Perry
Councilmember Pacheco

Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair
Javier O. Lopez, Treasurer
Greta T. Hutton
Coby A. King
Douglas R. Ring
Christine M. Robert

Jerry A. Scharlin
Administrator

DEPUTY
BY
CITY CLERK
2002 JAN -8 AM 7:17
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CITY CLERKS OFFICE

Community Redevelopment Agency

Spivack

City of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258

Fax
Number 213 977 1665

Date JAN 02 2002

File Code

213 977 1600

Council File: _____
Council District: 9, 14
Contact Person: Don Spivack
(213) 977-1682

Honorable Council of the City of Los Angeles
Room 395, City Hall

COUNCIL TRANSMITTAL:

Transmitted herewith is a Board Memorandum adopted by the Agency Board on December 19, 2001, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO SANTEE COURT MULTI-FAMILY
CONVERSION PROJECT CENTRAL BUSINESS DISTRICT REDEVELOPMENT
PROJECT, (COUNCIL DISTRICTS 9, 14)

RECOMMENDATION

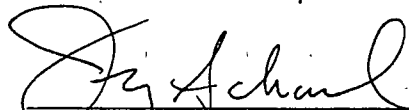
That the City Council approve Recommendations B.1 and B.2 on the attached Board Memorandum.

ENVIRONMENTAL REVIEW

The Agency has adopted a resolution certifying that it has reviewed and considered the information in the City of Los Angeles Planning Department's Mitigated Negative Declaration, ENV-2001-4060-MND.

FISCAL IMPACT STATEMENT

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


Jerry A. Scharlin, Administrator

Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair
Javier O. Lopez, Treasurer
Greta T. Hutton
Coby A. King
Douglas R. Ring
Christine M. Robert

Jerry A. Scharlin
Administrator

JAN 03 2002

J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries
relative to this matter
refer to File No.

CITY OF LOS ANGELES
CALIFORNIA



JAMES K. HAHN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

02-0029
CDs 9 & 14

January 4, 2002

ECONOMIC DEVELOPMENT & EMPLOYMENT COMMITTEE
HOUSING & COMMUNITY DEVELOPMENT COMMITTEE

In accordance with Council Rules, communication from the Community Redevelopment Agency (CRA) relative to Santee Court Multi-Family Conversion Project, Central Business District Redevelopment Project, was referred on January 4, 2002, to the ECONOMIC DEVELOPMENT & EMPLOYMENT COMMITTEE and HOUSING & COMMUNITY DEVELOPMENT COMMITTEE.

J. Michael Carey

City Clerk
amm



Community Redevelopment Agency

of the City
of Los Angeles

354 South Spring Street
Suite 800
Los Angeles
California 90013-1258


213 977 1600

Fax
Number 213 977 1665

An Affirmative Action
Equal Opportunity
Employer

Date **JAN 02 2002**
File Code

Council File: _____
Council District: 9, 14
Contact Person: Don Spivack
(213) 977-1682


Honorable Council of the City of Los Angeles
Room 395, City Hall

COUNCIL TRANSMITTAL:

Transmitted herewith is a Board Memorandum adopted by the Agency Board on December 19, 2001, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

**VARIOUS ACTIONS RELATED TO SANTEE COURT MULTI-FAMILY
CONVERSION PROJECT CENTRAL BUSINESS DISTRICT REDEVELOPMENT
PROJECT, (COUNCIL DISTRICTS 9, 14)**

RECOMMENDATION

That the City Council approve Recommendations B.1 and B.2 on the attached Board Memorandum.

ENVIRONMENTAL REVIEW

The Agency has adopted a resolution certifying that it has reviewed and considered the information in the City of Los Angeles Planning Department's Mitigated Negative Declaration, ENV-2001-4060-MND.

FISCAL IMPACT STATEMENT

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

Peggy Moore, Chair

Armando Vergara, Sr., Vice Chair
Javier O. Lopez, Treasurer
Greta T. Hutton
Coby A. King
Douglas R. Ring
Christine M. Robert

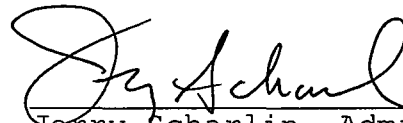
Jerry A. Scharlin
Administrator

DEPUTY

CITY CLERK

2002 JAN -3 PM 4:12

RECEIVED
CITY CLERK'S OFFICE



Jerry Scharlin, Administrator

**ECONOMIC DEVELOPMENT
& EMPLOYMENT**

**HOUSING & COMMUNITY
DEVELOPMENT**

JAN 04 2002

cc: Alan Alietti, Office of the City Clerk (Original & 10
Copies)
Himiko Nishiyama, Office of the City Clerk
Lisa Johnson, Office of the CAO
Paul Smith, Office of the CLA
Neil Blumenkopf, Office of the City Attorney
Colin Chiu, Office of the City Attorney
Carmel Sella, Office of the Mayor
Councilmember Perry
Councilmember Pacheco

CLRA

LA

M E M O R A N D U M

2

DATE: DECEMBER 19, 2001 CE2100

TO: AGENCY COMMISSIONERS

FROM: JERRY A. SCHARLIN, ADMINISTRATOR

SUBJECT: VARIOUS ACTIONS RELATED TO SANTEE COURT MULTI-FAMILY
CONVERSION PROJECT CENTRAL BUSINESS DISTRICT
REDEVELOPMENT PROJECT, (COUNCIL DISTRICT 14)

RECOMMENDATIONS

A. That the Agency:

1. Adopt the attached Resolution certifying that it has reviewed and considered the information in the City of Los Angeles Planning Department's Mitigated Negative Declaration, ENV-2001-4060-MND for the Proposed Santee Court Project; and
2. Adopt the attached Resolution of Official Intent to issue up to \$80 million of tax-exempt and/or taxable multi-family housing revenue bonds to finance the Santee Court Residential Conversion Project ("the Project"); and
3. Authorize the Administrator or designee to file an application with the California Debt Limit Allocation Committee for a \$80 million calendar year 2002 private activity bond allocation for the project, and take related actions such as the acceptance of the developer's performance deposit; and
4. Authorize the Administrator or designee to publish notice for, conduct and transmit to the City Council for approval by Resolution, the minutes of a public hearing required under the federal Tax Equity and Fiscal Responsibility Act, a so-called TEFRA hearing; and
5. Grant the developer a waiver from the provisions of the Agency's Prevailing Wage Policy as the Project will not receive any public funding.

B. That the Agency, subject to City Council approval:

1. Authorize the Administrator or designee to negotiate and execute a contract for bond counsel services with Kutak Rock LLP, subject to final bond issue structure and size, with all fees being payable from bond proceeds upon bond issuance or from developer contributions; and

2. Authorize the Administrator or designee to negotiate and execute a bond purchase agreement and remarketing agent agreement with Newman and Associates, Inc., subject to final bond issue structure and size, for underwriting and remarketing agent services with all fees payable from bond proceeds upon bond issuance and/or developer contributions.

RE:

Initial Action.

SOURCE OF FUNDS

No Agency Funds required.

ENVIRONMENTAL REVIEW

The City of Los Angeles' Department of Planning (DOP) was the lead agency for the proposed project for purposes of the California Environmental Quality Act (CEQA). The DOP circulated proposed Mitigated Negative (MND) No. 2001-4060-MND on October 11, 2001 and approved the MND for the Project during the week of December 10th, 2001. The Agency's responsibility is to review and consider the information in the MND prepared by the DOP.

REDEVELOPMENT PURPOSE

This action will assist in the redevelopment of nine under-utilized commercial buildings within the Eastside Industrial portion of the Central Business District into live-work loft apartments and related ground floor retail. This project would increase the supply of housing within the Central City in conformance with the goals of the Central City Community Plan, the Downtown Strategic Plan and the Central Business District (CBD) Redevelopment Plan, provide the for active revitalization of these structures, and act as a catalyst for other private reinvestment in this portion of the CBD Redevelopment Project Area. The proposed development represents a significant private investment in this portion of the Project Area, while requiring no Agency funds.

SUMMARY

The developer, MJW Investments, proposes to redevelop nine commercial-industrial buildings, eight at the southeast corner of Seventh and Los Angeles Streets, and one in the 800 block of Los Angeles Street, in the Eastside Industrial portion of the Central Business District Redevelopment Project Area. The project seeks to develop up to 604 live-work units, 110,000 SF of ground floor retail space, an alley promenade and rooftop terraces. The total development cost is estimated at \$109 million. The project will be developed in three phases with a July 2002 construction start date proposed by the developer.

The developer is seeking to have the Agency serve as the conduit issuer of up to \$80 million of tax-exempt and/or taxable multi-family housing revenue bonds to finance the project, and is not seeking any other public funding from the Agency or other public sources. The project will contribute to the revitalization of this important area by introducing new and expanded uses into these buildings. This area, although within the Downtown Fashion District, has not benefited from the development activity that has positively affected other portions of the District. The project is the first significant new investment proposed in this immediate area, and promises to bring a new mix of uses into this otherwise depressed quadrant of Downtown Los Angeles.

The developer has requested a waiver from the Agency's Policy on Payment of Prevailing Wages by Private Redevelopers or Owner Participants, which was approved on February 24, 1986. Recent changes in State law, which will take effect on January 1, 2002, which allows redevelopment agencies to issue tax-exempt bonds for qualified residential projects and exempt those projects from prevailing wage provisions, provided that the tax-exempt bonds are allocated by December 31, 2003. In the past, the Agency has generally required the payment of prevailing wages as part of any development it has assisted, but has provided additional resources to offset the additional costs of its requirements. Because the CBD Redevelopment Project has reached the tax increment "cap" imposed in 1977, there are no such resources available.

PROGRAM AND BUDGET IMPACT

The recommended action is in conformance with the Agency's FY2002 work program and budget, which provides staff support for the adaptive re-use of under-utilized structures.

BACKGROUND

The developer, MJW Investments, is the owner of nine mostly vacant buildings located on the block bounded by Seventh, Maple, Eighth and Los Angeles Streets. The Area was developed over the early part of the 20th century with a mixture of mid- and high-rise commercial and industrial structures that for several years were occupied by commercial and industrial garment manufacturing and distributing activities. Such structures are inefficient for manufacturing purposes and for many years manufacturing has been moving to other, more appropriate locations, leaving an increasing number of these buildings with marginal occupancies. The area is on the northern edge of the Fashion District and has not benefited from the expansion of retail, wholesale and marketing activity that has transformed portions of the District generally south and east of this block.

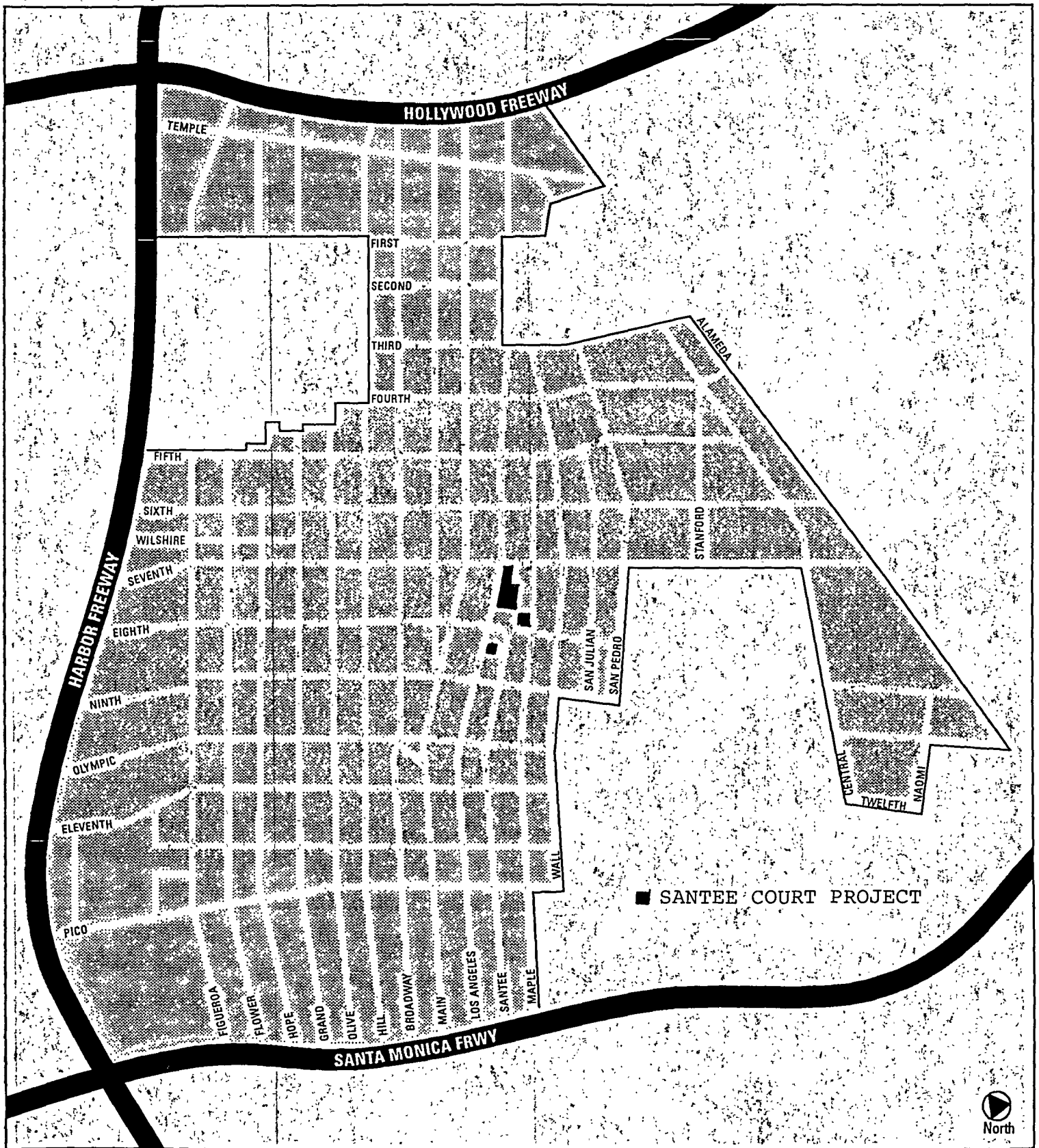
The proposed re-use of these buildings furthers several important redevelopment goals, including the adaptive re-use of

vacant and under-utilized buildings, the promotion of residential development in the Downtown and the introduction of mixed use development into sub-districts of the Downtown. The scale and location of the proposed project can also help to stimulate additional private investment in this immediate area, and extend active ground floor retail commercial activity back to Seventh Street, long the major retail spine of the Downtown.


Jerry A. Scharlin

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

Attachments



RESOLUTION NO. 6028

RESOLUTION SETTING FORTH THE OFFICIAL INTENT OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA REGARDING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS AND THE REIMBURSEMENT OF CERTAIN EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS FOR THE SANTEE COURT RESIDENTIAL CONVERSION PROJECT

WHEREAS, The Community Redevelopment Agency of the City of Los Angeles, California (the "Agency") is a redevelopment agency (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) and the powers of such Agency include the power to issue its housing revenue bonds for the purpose of providing financing for a multifamily rental housing project described below as the Santee Court residential conversion project (the "Project"); and

WHEREAS, the Agency has held discussions with representatives of MJW Investments who will be the developer and owner (the "Owner") regarding financing for the Project located at 700, 716, 722, 724, 738, 824, and 315 South Los Angeles Street as well as 743 and 746 Santee Alley in Los Angeles, California, consisting of approximately 650 units, through the issuance of multifamily housing revenue bonds in the maximum aggregate principal amount of \$80,000,000 (the "Bonds"); and

WHEREAS, the Agency wishes to assist in the financing of the Project for the Owner, or by its successor assigns, affiliates or other parties to be designated by the Agency (also to be known as the "Owner") in order to further the redevelopment of downtown Los Angeles and the Agency has determined that it can best aid in such financing by issuing the Bonds to finance the Project; and

WHEREAS, in order to satisfy the requirements of the Internal Revenue Service regulations pertaining to tax-exempt financing for the Project, and any other and subsequent requirements, whether regulatory or statutory, relating to the official intent of the Agency to reimburse any expenditures for the Project made prior to the issuance of the Bonds, it is necessary and desirable that the Agency adopt this Resolution;

NOW, THEREFORE, The Community Redevelopment Agency of the City of Los Angeles, California does hereby RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The Agency hereby agrees, subject to compliance with all requirements of the law, and intends to issue the Bonds to finance the Project, on terms and conditions mutually acceptable to the Agency and the Owner. This action does not constitute approval of the project or commit the Agency to provide the financing.

Section 2. Certain costs may be incurred by the Owner in connection with the Project prior to the issuance of the Bonds. The Agency expects to reimburse such costs with proceeds of the Bonds.

Section 3. This Resolution is consistent with budgetary and financial circumstances of the Agency. No funds from sources other than bonds are, or are reasonably expected to be, received or allocated on a long-term basis or otherwise set aside by the Agency for the Project.

Section 4. This Resolution constitutes a declaration of official intent under Treasury Regulation, Section 1.150-2.

Section 5. The action of the Agency in adopting this Resolution, in carrying out the provisions of this Resolution or in determining not to provide financing for the Project shall not result in any pecuniary liability whatsoever on the part of the Agency.

RESOLUTION NO. 6029

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, CERTIFYING THAT IT HAS REVIEWED AND CONSIDERED THE CITY OF LOS ANGELES PLANNING DEPARTMENT'S MITIGATED NEGATIVE DECLARATION, ENV-2001-4060-MND FOR THE PROPOSED SANTEE COURT PROJECT AT 700-746 AND 824 LOS ANGELES STREET, 743 SANTEE STREET AND 315 8TH STREET.

WHEREAS, a Final Environmental Impact Report (EIR) for the Central Business District Redevelopment Plan was prepared by the Community Redevelopment Agency of the City of Los Angeles, California ("Agency") and certified by the City Council in May; and

WHEREAS, said Final EIR is a program EIR, as defined by the State and local guidelines for the implementation of the California Environmental Quality Act (CEQA); and

WHEREAS, a proposed Mitigated Negative Declaration (known as ENV-2001-4060-MND) was adopted during the week of December 10, 2001 by the City of Los Angeles Planning Department for a subsequent site specific mixed use development known as the Santee Court project ("Project") located within the Central Business District Redevelopment Project; and

WHEREAS, the Agency has reviewed and considered the Mitigated Negative Declaration.

NOW, THEREFORE, BE IT RESOLVED by the Community Redevelopment Agency of the City of Los Angeles, California, as follows:

1. The Agency certifies that it has reviewed and considered the information in the Mitigated Negative Declaration for the Project in accordance with CEQA.

2. Based on such review and consideration, the Agency hereby determines:

- a. No substantial changes are proposed in the Project that will require major revisions to the Mitigated Negative Declaration.
- b. No substantial changes have occurred with respect to the circumstances under which the Project is being undertaken that will require major revisions to the Mitigated Negative Declaration; and
- c. No new information of substantial importance to the Project, which was not known or could not have been known at the time the Mitigated Negative Declaration was prepared has become available.

ADOPTED: DECEMBER 19, 2001

Section 6. The officers and staff of the Agency are hereby directed to take such further action as may be necessary to carrying out the intent and purpose of the Resolution. The Administrator or the Agency or his designee is authorized to publish notice of a public hearing with respect to the proposed issuance of the Bonds to finance the Project, to conduct such hearing and to forward a report on the public comment on such hearing to the City Council of the City of Los Angeles.

Section 7. This Resolution shall take effect upon adoption.

PASSED AND ADOPTED this December 19, 2001