

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to proposed agreement with the Thai Town Economic Development Corporation for development costs related to the Thai Town Marketplace Phase I Development.

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

1. NOTE and FILE the June 6, 2017 Economic and Workforce Development Department (EWDD) report relative to the appropriation of \$763,900 in Community Redevelopment Agency Los Angeles (CRA/LA) Non-Housing Excess Bond Proceeds from the Hollywood Redevelopment Project Area, Taxable Series E for business assistance in connection with the Thai Town Marketplace Phase I Development.
2. APPROVE \$763,900 in CRA/LA Non-Housing Excess Bond Proceeds available to Council District 13 from the Hollywood Redevelopment Project Area within the Council District to be utilized to assist with the development costs related to Phase I construction of the Thai Town Marketplace, provided all funding for Phase I of the project development costs have been secured and execution of all contracts occur on or before December 5, 2016.
3. APPROVE the use of said CRA/LA Non-Housing Excess Bond Proceeds pursuant to the project's Categorical Exemption from environmental review under the City's California Environmental Quality Act guidelines.
4. AUTHORIZE the General Manager, EWDD, or designee, to negotiate and execute an agreement with the Thai Community Development Center concurrent with a City Community Development Block Grant agreement, with Excess Bond Proceeds funding not to exceed \$763,900 subject to the review and approval of the City Attorney as to form and substance.
5. AUTHORIZE the EWDD to expend funds up to \$763,900 within CRA/LA Non-Housing Excess Bond Proceeds Fund No. 57D, Account No. 22L9FT, titled Hollywood (Taxable) upon presentation of proper documentation and demand of the General Manager, EWDD, or designee, pursuant to this agreement.
6. AUTHORIZE the General Manager, EWDD, or designee, to prepare Controller instructions and/or make technical adjustments that may be required and are consistent with this action, subject to the approval of the Bond Oversight Committee; and AUTHORIZE the Controller to implement these instructions.

Fiscal Impact Statement: The CRA/LA Bond Oversight Committee reports that there is no General Fund impact from the proposed allocation of CRA/LA Excess Bond Proceeds.

Community Impact Statement: None submitted.

Summary:

On December 13, 2016, your Committee considered a November 7, 2016 CRA/LA Bond

Oversight Committee (BOC) report relative to proposed agreement with the Thai Town Economic Development Corporation for development costs related to the Thai Town Marketplace Phase I Development. According to the BOC, pursuant to the dissolution of the former CRA/LA on February 1, 2012, CRA/LA, a Designated Local Authority (CRA/DLA) was established on February 3, 2012 to serve as the successor agency. AB 1484 which passed subsequently permits the use of unobligated pre-2011 CRA/LA tax allocation bond proceeds, or Excess Bond Proceeds (EBP), for new obligations, as long as the funds are used in a manner consistent with the original bond covenants. CRA/DLA executed a Bond Expenditure Agreement (BEA) with the City, and transferred \$84.1 million in EBP to the City in February 2015 for redevelopment purposes for which the bonds were sold, and are consistent with the applicable bond covenants as set forth in the bond documents, the BEA, the Bond Spending Plan (BSP), applicable provisions of the Community Redevelopment Law and Redevelopment Plans.

On September 13, 2016, Council adopted a Motion (O'Farrell - Ryu; Council File No. 14-1174-S15) which proposes to appropriate an amount not to exceed \$1,200,000 in taxable CRA/LA Non-Housing EBP available to Council District 13 from the Hollywood Redevelopment Project Area (Project Area) for business assistance projects, specifically, Thai Town Marketplace Phases I and II within the Promise Zone as allowed in the Bond Spending Plan (BSP) for this Project Area. However, only Phase I of the Project is ready to proceed. Therefore, this request is for an initial and partial amount of \$763,900. EWDD will return with a later report to access the remaining \$436,100 when Thai Town's Phase II is ready to proceed. The proposed use of funds towards new construction is permissible under the BSP which was adopted by City Council on October 29, 2014 (Council File No. 14-1174); and sufficient funds are available from CD 13's portion of EBP in this Project Area for this purpose.

After consideration and having provided an opportunity for public comment, the Committee moved to continue the matter pending a report-back from the EWDD in regard to updates on changes made to Thai Town's Phase I and II project development costs, including funding sources.

Subsequently, on June 13, 2017, the Committee considered a June 6, 2017 EWDD report in response to the Committee's request. According to the EWDD, on October 27, 2016, the CRA/LA Bond Oversight Committee approved an immediate appropriation of \$763,900 to facilitate Phase I development which had broken ground in September 2016. The remaining \$436,100 EBP would be considered when Phase II was ready to proceed. The EWDD has since been working with the Los Angeles Development Fund (LADF) to identify potential funding sources to assist with gap funding for both phases of the development. The LADF was successful in securing a \$4,000,000 New Markets Tax Credit (NMTC) investor (Chase Bank) to provide tax credit equity for the project. Pursuant to their Board's approval on May 19, 2017, LADF issued a Letter of Interest (LOI) for both Phase I and Phase II development of the project. The LADF LOI requires proof of all financing commitments to be in place by June 30, 2017. Transaction closing date is targeted for July 28, 2017. Finally, a summary of the relevant funding is included in the June 6, 2017 EWDD report.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the November 16, 2016 BOC and June 6, 2017 EWDD reports. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE

A handwritten signature in cursive script, appearing to read "C. M. ...", is written over the committee name.

<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
CEDILLO:	YES
HARRIS-DAWSON:	YES
KREKORIAN:	ABSENT
O'FARRELL:	ABSENT

ARL
6/13/17

-NOT OFFICIAL UNTIL COUNCIL ACTS-