

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

HOLLY L. WOLCOTT
City Clerk

GREGORY ALLISON
Executive Officer

When making inquiries relative to
this matter, please refer to the
Council File No.

Office of the
CITY CLERK

Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
General Information - (213) 978-1133
Fax: (213) 978-1040

SHANNON HOPPES
Council and Public Services
Division

www.cityclerk.lacity.org

September 8, 2014

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No. 14-1174, at its meeting held August 29, 2014.



City Clerk
wrq

Mayor's Time Stamp
OFFICE OF THE MAYOR
RECEIVED
2014 AUG 29 PM 5:47
CITY OF LOS ANGELES

City Clerk's Time Stamp
CITY CLERK'S OFFICE
2014 AUG 29 PM 5:41
CITY CLERK
BY _____ DEPUTY

FORTHWITH

SUBJECT TO THE MAYOR'S APPROVAL

COUNCIL FILE NO. 14-1174

COUNCIL DISTRICT _____

COUNCIL APPROVAL DATE August 29, 2014

RE: BOND EXPENDITURE AGREEMENT AND RELATED BOND S PENDING PLAN BETWEEN THE
COMMUNITY REDEVELOPMENT AGENCY OF LOS ANGELES AND THE CITY OF LOS ANGELES

LAST DAY FOR MAYOR TO ACT SEP 08 2014
(10 Day Charter requirement as per Charter Section 341)

DO NOT WRITE BELOW THIS LINE - FOR MAYOR USE ONLY

APPROVED
✓

*DISAPPROVED

*Transmit objections in writing
pursuant to Charter Section 341

DATE OF MAYOR APPROVAL OR DISAPPROVAL 9/8/14

EG
MAYOR

wrq

RECORDED
CITY CLERK'S OFFICE
2014 SEP - 8 PM 2:36
CITY CLERK
BY _____ DEPUTY

EXEMPTION and ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to a Bond Expenditure Agreement and related Bond Spending Plan between the Community Redevelopment Agency of Los Angeles, a Designated Local Authority (CRA/LA-DLA) and the City of Los Angeles (City).

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

1. AUTHORIZE the Mayor, or designee, to execute the Bond Expenditure Agreement by and between the CRA/LA-DLA and City of Los Angeles as provided in substantial final form (Attachment B of the joint City Administrative Officer [CAO] and Chief Legislative Analyst [CLA] report dated August 22, 2014, attached to Council file [C.F.] No. 14-1174), and subject to the review and approval by mutual legal counsels as to form and legality.
2. ADOPT the Bond Spending Plan, as may be amended from time to time, to serve as informational and reference purposes for City staff to implement eligible projects, programs, and activities that utilize the CRA/LA Excess Bond Proceeds (Attachment C of the joint CAO/CLA report dated August 22, 2014, attached to C.F. No. 14-1174).
3. FIND that the Bond Expenditure Agreement and Bond Spending Plan are exempt from the California Environmental Quality Act (CEQA); direct staff to file a notice of exemption pursuant to CEQA Guidelines, Section 15062; and direct staff to undertake all necessary environmental review required by CEQA prior to commencing work on any project, as defined in CEQA Guidelines, Section 15378, pursuant to the Bond Expenditure Agreement and Bond Spending Plan.
4. INSTRUCT the CAO and CLA to report within ninety (90) days on the results of the California State Department of Finance's (DOF) determination on the Bond Expenditure Agreement and the City's framework for administering the Excess Bond Proceeds once a framework is established.
5. INSTRUCT the CLA to report on options for an oversight structure to administer the City's use of the CRA/LA Excess Bond Proceeds, including the Bond Expenditure Agreement and Bond Spending Plan, and prepare a chart comparing the following proposed structures:
 - a. A bond oversight committee comprised of the CAO, CLA, and Mayor that would review expenditures and make recommendations to Council and Mayor.
 - b. A bond oversight process in which the CLA serves as a clearinghouse, with expenditures initiated by Council action and reviewed by the Economic Development Committee.

Fiscal Impact Statement: The CAO/CLA reports there is no General Fund impact to the City. If all approvals are obtained and Excess Bond Proceeds are transferred to the City, inasmuch as the funds are bond funds, the funds would be held in a special fund separate from the General Fund.

Community Impact Statement: None submitted.

SUMMARY

At a special meeting held on August 26, 2014, the Economic Development Committee considered a joint report from the CAO and CLA relative to a Bond Expenditure Agreement, and related Bond Spending Plan, between the CRA/LA-DLA and the City.

The joint CAO/CLA report states that the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) was dissolved pursuant to action by the California State Legislature and Governor enacting Assembly Bill X1-26. Subsequently, the CRA/LA-DLA became the successor agency to the former CRA/LA and was allowed under State law to use unobligated pre-2011 tax allocation bond proceeds (Excess Bond Proceeds) for new obligations. However, the CRA/LA-DLA lacks the capacity or resources to expend the \$89.8 million in current Excess Bond Proceeds. Therefore it is proposed that the City approve a Bond Expenditure Agreement between the CRA/LA-DLA and the City to transfer \$86.4 million in Excess Bond Proceeds to the City (the CRA/LA-DLA would retain \$3.4 million of the proceeds for administrative costs) and a related Bond Spending Plan.

Representatives of the CLA and CAO provided a brief overview of the matter to the Committee and responded to related questions. During discussion of this matter, the CAO representative reported that the Bond Expenditure Agreement (Attachment B of the CAO/CLA report) between the CRA/LA-DLA and the City would need to be approved by the City as well as the CRA/LA-DLA Governing Board, Oversight Board, and the DOF. Once the Agreement is approved, the CRA/LA-DLA would transfer \$86.4 million to the City in Excess Bond Proceeds by January 2015. The CLA representative noted that the related Bond Spending Plan is a working document and a guideline on how the Excess Bond Proceeds could be spent by the City once it receives the funds.

In response to questions from the Committee regarding allocation of the funds, the CLA representative stated that funds must be spent in the former CRA/LA Redevelopment Project Areas from which they were originally derived, and allocation by Council District would be based on the percentage of acreage of each District in the Redevelopment Project Area. A Bond Oversight Committee made up of the CAO, CLA, and Mayor is proposed that would review expenditures and then make recommendations to the Council and Mayor.

The Committee inquired whether CAO/CLA had considered alternative bond oversight structures, such as the CLA serving as a clearinghouse with expenditures initiated by Council action and reviewed by the Economic Development Committee. The CLA and CAO representatives reported that several options had been considered, however the Bond Oversight Committee structure was deemed to be more advantageous in terms of retention of documentation and reporting for audit purposes, as well as benefiting other local taxing entities (County and school / community college districts).

During public comment period, a representative of the Councilmember for the Third District spoke in support of the Bond Expenditure Agreement and Bond Spending Plan, and also requested that the Committee consider an alternative bond oversight structure.

After additional discussion of the matter and after providing an opportunity for public comment, the Committee approved the recommendations in the CAO/CLA report as amended to instruct the CLA to report with a comparison of proposed bond oversight structures.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
KREKORIAN:	YES
HUIZAR:	ABSENT
CEDILLO:	YES
MARTINEZ:	YES

REW
8/27/14
FILE NO. 14-1174

-NOT OFFICIAL UNTIL COUNCIL ACTS-

ADOPTED
** GS amended*
AUG 29 2014
See attached Motion
LOS ANGELES CITY COUNCIL

TO THE MAYOR FORTHWITH

MOTION

I MOVE that the matter of the EXEMPTION and ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to a Bond Expenditure Agreement and related Bond Spending Plan between the Community Redevelopment Agency of Los Angeles, a Designated Local Authority (CRA/LA-DLA) and the City of Los Angeles (City), Item No. 11 on today's Council agenda (CF 14-1174) BE AMENDED to:

- 1) DELETE Recommendations 4 and 5: and,
- 2) APPROVE the following additional recommendations:
 - 4. ESTABLISH a bond oversight committee comprised of the City Administrative Officer, Chief Legislative Analyst, and Mayor to oversee the City's use of the CRA/LA-DLA Excess Bond Proceeds including the Bond Expenditure Agreement and Bond Spending Plan, and to ensure bond funds are spent in accordance with the underlying bond documents;
 - 5. ESTABLISH that the use of CRA/LA-DLA Excess Bond Proceeds be initiated by Council and reviewed by the bond oversight committee and Economic Development Committee; and,
 - 6. INSTRUCT the CAO and CLA to report within ninety (90) days on the following:
 - a. Provide the results of the California State Department of Finance's (DOF) determination on the Bond Expenditure Agreement.
 - b. Provide the framework for which the City will administer the use of the CRA/LA-DLA Excess Bond Proceeds.
 - c. Provide the amount and nature of administrative and oversight costs anticipated for the City's use of the CRA/LA-DLA Excess Bond Proceeds, including which bond series and former redevelopment project areas would be used to cover said costs.

PRESENTED BY:

Nury Martinez
NURY MARTINEZ
Councilmember, 6th District

SECONDED BY:

Clarence
Ed Blum

[Signature]

August 29, 2014
ooi

ADOPTED

AUG 29 2014

LOS ANGELES CITY COUNCIL

TO THE MAYOR FORTHWITH

AUG 29 2014

ORIGINAL