

CITY OF LOS ANGELES
CALIFORNIA

JUNE LAGMAY
City Clerk

HOLLY L. WOLCOTT
Executive Officer

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



ANTONIO R. VILLARAIGOSA
MAYOR

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

June 29, 2012

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No. 11-0329-S6, at its meeting held June 27, 2012.

City Clerk
vm

Mayor's Time Stamp
OFFICE OF THE MAYOR
RECEIVED
2012 JUN 28 PM 1:49
CITY OF LOS ANGELES

City Clerk's Time Stamp
CITY CLERK'S OFFICE
2012 JUN 28 PM 1:47
CITY CLERK
BY _____ DEPUTY

FORTHWITH

SUBJECT TO THE MAYOR'S APPROVAL

COUNCIL FILE NO. 11-0329-S6

COUNCIL DISTRICT _____

COUNCIL APPROVAL DATE JUNE 27, 2012

RE: NECESSARY ACTIONS TO ESTABLISH A COMMUNITY FACILITIES DISTRICT FOR THE DOWNTOWN LOS ANGELES STREETCAR PROJECT

LAST DAY FOR MAYOR TO ACT JUL 09 2012
(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 JUN 28 2012

MAYOR

vcw

RECEIVED
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2012 JUN 29 AM 8:41
BY _____
CITY CLERK
DEPUTY

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TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your **BUDGET AND FINANCE** Committee

reports as follows:

BUDGET AND FINANCE COMMITTEE REPORT and RESOLUTION relative to necessary actions to establish a Community Facilities District for the Downtown Los Angeles Streetcar Project.

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

1. ADOPT the accompanying RESOLUTION of the City of Los Angeles of Intention to Establish Community Facilities District No. 9 (Downtown Streetcar) [Attachment A of the City Administrative Officer (CAO) report, attached to the Council file].
2. INSTRUCT the CAO to prepare a revised RESOLUTION of the City of Los Angeles to Incur Bonded Indebtedness of the proposed Community Facilities District No. 9 (Downtown Streetcar) (Attachment B) as amended to change the requirement of an operational plan for a minimum period of 20 years to 30 years.
3. INSTRUCT the City Clerk to publish and mail a notice of a Public Hearing to take place during a regularly scheduled City Council meeting which is no less than 30 days following approval of the Resolution of the City of Los Angeles of Intention to Establish Community Facilities District No. 9 (Downtown Streetcar) pursuant to information to be provided by the CAO.
4. AUTHORIZE the CAO to make technical adjustments as necessary to implement the intent of the Mayor and Council actions.

Fiscal Impact Statement: The CAO reports that there is no impact on the City's General Fund as a result of the recommended actions. All administrative costs associated with the formation of the Community Facilities District are paid by the developer.

Debt Impact Statement: The CAO reports that this report has no immediate debt impact on the General Fund.

Community Impact Statement: None submitted.

SUMMARY

At its regular meeting of June 25, 2012, the Budget and Finance Committee considered a CAO report, submitted in response to Motion (Huizar – Krekorian), relative to necessary actions to establish a Community Facilities District (CFD) for the Downtown Los Angeles Streetcar Project. The CAO reports that it is in receipt of an application submitted by Los Angeles Streetcar, Inc. (LASI) seeking the formation of a CFD to finance a portion of the construction cost of a streetcar system in downtown Los Angeles. To initiate the establishment of the CFD, the adoption of the following documents is required: 1) Resolution of Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes, which acknowledges the receipt of the

Written Request by two Council members requesting the establishment of the CFD (Attachment A), approves the Rate and Method of Apportionment and schedules the public hearing (Attachment B), and 2) Resolution to Incur Bonded Indebtedness (Attachment C). The City will then be required to hold a Public Hearing no sooner than thirty days following the adoption of these Resolutions. Additional Ordinances and Resolutions regarding formation and calling for the election will also need to be approved by Council at a later date. The process to finalize the formation of the CFD will require several Council actions.

The CAO report, attached to the Council file, provides additional details and states concerns about the issues of ownership, operations, responsibility for potential future deficits, and the commitment of future CRA funds that are now subject to review. The CAO further reports that approval of the report recommendations will enable the project to stay on track to meet deadlines required as part of the Federal Transportation Authority grant application. The CAO concludes that there will be future opportunities to further analyze and vet these issues.

During Committee consideration, representatives of the CAO and Councilmember Jose Huizar provided an overview of the recommendations and responded to related questions from Committee members. After further discussion and having offered an opportunity for public comment, the Budget and Finance Committee recommended to approve the CAO recommendations as amended to change the requirement of an operational plan for a minimum period of 20 years to 30 years. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	ABSENT
CARDENAS:	ABSENT
ROSENDAHL:	YES
KORETZ:	YES

ep
11-0329-S6_rpt_bfc_6-25-12

-NOT OFFICIAL UNTIL COUNCIL ACTS-

ADOPTED
* as amended
JUN 27 2012
see attached Motion
LOS ANGELES CITY COUNCIL

TO THE MAYOR FORTHWITH

*****CORRECTED MOTION*****

I HEREBY MOVE that Council AMEND the Budget and Finance Committee Report relative to establishing a Community Facilities District for the Downtown Los Angeles Streetcar Project, SUBJECT TO THE APPROVAL OF THE MAYOR as follows:

1. ADOPT the accompanying RESOLUTION OF INTENTION to establish a Community Facilities District (Downtown Streetcar) and to authorize the levy of special taxes (attached to the City Administrative Officer report dated June 26, 2012).
2. ADOPT the accompanying RESOLUTION TO INCUR BONDED INDEBTEDNESS of the proposed City of Los Angeles Community Facilities District No. 9 (Downtown Streetcar).

PRESENTED BY _____

JOSE HUIZAR
Councilmember, 14th District

SECONDED BY _____

PAUL KORETZ
Councilmember, 5th District

June 27, 2012

CF 11-0329-S6

ADOPTED

JUN 27 2012

LOS ANGELES CITY COUNCIL

TO THE MAYOR FORTHWITH

A RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES TO INCUR BONDED INDEBTEDNESS OF THE PROPOSED CITY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 9 (DOWNTOWN STREETCAR)

WHEREAS, the Council (the "City Council") of the City of Los Angeles (the "City") has this date adopted its Resolution entitled "A Resolution of the Council of the City of Los Angeles of Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes," stating its intention to establish the City of Los Angeles Community Facilities District No. 9 (Downtown Streetcar) (the "Community Facilities District") pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act") for the purpose of financing certain public facilities (the "Facilities"), as further provided in said Resolution; and

WHEREAS, in order to finance the Facilities it is necessary to incur bonded indebtedness in the amount of up to \$85,000,000;

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Los Angeles does determine and order as follows:

Section 1. The City Council hereby declares that in order to finance the Facilities, it is necessary to incur bonded indebtedness.

Section 2. The purpose for which the proposed debt is to be incurred is to provide the funds necessary to pay the costs of the Facilities, including all costs and estimated costs incidental to, or connected with, the accomplishment of said purpose and of the financing thereof, as permitted by Section 53345.3 of the Act.

Section 3. The maximum amount of the proposed debt is \$85,000,000.

Section 4. The City Council hereby fixes _____, _____, 2012, at 10:00 a.m., or as soon thereafter as the City Council may reach the matter, at the John Ferraro Council Chamber, Room 340, 200 North Spring Street, Los Angeles, California, as the time and place when and where the City Council will conduct a public hearing on the proposed debt authorization.

Section 5. The City Clerk of the City is hereby directed to publish, or cause to be published, a notice of said public hearing one time in a newspaper of general circulation published in the area of the Community Facilities District. The publication of said notice shall be completed at least seven days prior to the date herein set for said public hearing. Said notice shall contain the information prescribed by Section 53346 of the Act. The City Clerk is also directed to give notice of said public hearing by first-class mail to each registered voter within the proposed Community Facilities District and to each landowner within the proposed Community Facilities District. Said notice shall contain the same information as is required to be contained in the published notice described in this Section.

Section 6. The officers and employees of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

Section 7. This Resolution shall take effect immediately upon its passage.

PASSED and ADOPTED by the Council of the City of Los Angeles this 27th day of JUNE, 2012, by the following vote:

AYES: 11

NOES: 0

ABSENT: 4

APPROVED AS TO FORM

CARMEN A. TRUTANICH, City Attorney

By: _____

Marilyn L. Garcia,
Assistant City Attorney

I certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting on JUNE 27, 2012

JUNE LAGMAY, City Clerk

By: [Signature]
Deputy City Clerk



C.F. 11-0329-56

A RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES OF INTENTION TO ESTABLISH A COMMUNITY FACILITIES DISTRICT AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES

WHEREAS, the Policies and Procedures for Mello-Roos and Special Assessment Districts (the "Policies") of the City of Los Angeles (the "City") define the policies which govern the City's participation in the establishment of community facilities districts under the Mello-Roos Community Facilities Act of 1982 (the "Act") for purposes of issuing bonds to provide funds for infrastructure improvements in both new developments and existing properties;

WHEREAS, the Policies provide an application process pursuant to which requests for financing under the Act will be considered;

WHEREAS, pursuant to the Policies, Los Angeles Streetcar, Inc. ("LASI") has submitted to the City an application for financing under the Act;

WHEREAS, the Act provides that proceedings for the establishment of a community facilities district shall be instituted by the legislative body of a local agency when there is filed with such legislative body a written request for the establishment of such a district containing the information specified in the Act and signed by two members of such legislative body;

WHEREAS, there has been filed with the Council (the "City Council") of the City a Written Request to Create a Community Facilities District (the "Written Request") signed by two members of the City Council requesting the institution of proceedings for the establishment of a community facilities district (the "Community Facilities District");

WHEREAS, the Policies require that the applicant for financing under the Act advance funds to cover all City and consultant costs associated with developing such financing;

WHEREAS, Section 53314.9 of the Act provides that, at any time either before or after the formation of a community facilities district, the legislative body may accept advances of funds from any source, including, but not limited to, private persons or private entities and may provide, by resolution, for the use of those funds for any authorized purpose, including, but not limited to, paying any cost incurred by the local agency in creating a community facilities district;

WHEREAS, Section 53314.9 of the Act further provides that the legislative body may enter into an agreement, by resolution, with the person or entity advancing the funds, to repay all or a portion of the funds advanced, as determined by the legislative body, with or without interest, under all the following conditions: (a) the proposal to repay the funds is included in both the resolution of intention to establish a community facilities district adopted pursuant to Section 53321 of the Act and in the resolution of formation to establish a community facilities district pursuant to Section 53325.1 of the Act, (b) any proposed special tax is approved by the qualified electors of the community facilities district pursuant to the Act, and (c) any agreement shall specify that if the qualified electors of the community facilities district do not approve the proposed special tax, the local agency shall return any funds which have not been committed for any authorized purpose by the time of the election to the person or entity advancing the funds;

WHEREAS, the City and LASI have entered into a Deposit and Reimbursement Agreement, dated as of June 1, 2012 (the "Deposit Agreement"), that provides for the advancement of funds by LASI to be used to pay costs incurred in connection with the establishment of the Community Facilities District and the issuance of special tax bonds thereby, and provides for the reimbursement to LASI of such funds advanced, without interest, from the proceeds of any such bonds issued by the Community Facilities District; and

WHEREAS, the City desires to include in this Resolution, in accordance with Section 53314.9 of the Act, the proposal to repay funds pursuant to the Deposit Agreement;

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Los Angeles does determine and order as follows:

Section 1. The City Council hereby finds that the Written Request is signed by two members of the City Council and contains the information required by the Act to be contained therein.

Section 2. The City Council proposes to establish a community facilities district under the terms of the Act. The boundaries of the territory proposed for inclusion in the Community Facilities District are described in the map showing the proposed Community Facilities District (the "Boundary Map") on file with the City Clerk of the City (the "City Clerk"), which boundaries are hereby preliminarily approved and to which map reference is hereby made for further particulars. The City Clerk is hereby directed to sign the original Boundary Map and record, or cause to be recorded, the Boundary Map with all proper endorsements thereon in the office of the Los Angeles County Recorder within 15 days of the date of adoption of this Resolution, all as required by Section 3111 of the California Streets and Highways Code.

Section 3. The name proposed for the Community Facilities District is "City of Los Angeles Community Facilities District No. 9 (Downtown Streetcar)".

Section 4. The public facilities (the "Facilities") proposed to be financed by the Community Facilities District pursuant to the Act are described under the caption "Facilities" on Exhibit A hereto, which is by this reference incorporated herein. The incidental expenses proposed to be incurred are identified under the caption "Incidental Expenses" on Exhibit A hereto. All or any portion of the Facilities may be financed through a financing plan, including, but not limited to, a lease, lease-purchase or installment-purchase arrangement.

Section 5. Except where funds are otherwise available, a special tax sufficient to pay for all Facilities, secured by recordation of a continuing lien against all nonexempt real property in the Community Facilities District, will be annually levied within the Community Facilities District. The rate and method of apportionment of the special tax (the "Rate and Method"), in sufficient detail to allow each landowner within the proposed Community Facilities District to estimate the maximum amount that he or she will have to pay, is described in Exhibit B attached hereto, which is by this reference incorporated herein. The conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied are specified in the Rate and Method. The special tax will be collected in the same manner as ordinary *ad valorem* property

taxes or in such other manner as the City Council shall determine, including direct billing of the affected property owners.

Section 6. The tax year after which no further special tax will be levied against any parcel used for private residential purposes is specified in the Rate and Method. Under no circumstances shall the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the Community Facilities District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For purposes of this paragraph, a parcel shall be considered "used for private residential purposes" not later than the date on which an occupancy permit for private residential use is issued.

Section 7. Pursuant to Section 53344.1 of the Act, the City Council hereby reserves to itself the right and authority to allow any interested owner of property within the Community Facilities District, subject to the provisions of said Section 53344.1 and to those conditions as it may impose, and any applicable prepayment penalties as prescribed in the bond indenture or comparable instrument or document, to tender to the Community Facilities District treasurer in full payment or part payment of any installment of the special taxes or the interest or penalties thereon which may be due or delinquent, but for which a bill has been received, any bond or other obligation secured thereby, the bond or other obligation to be taken at par and credit to be given for the accrued interest shown thereby computed to the date of tender.

Section 8. The City Council hereby fixes _____, _____, 2012, at 10:00 a.m., or as soon thereafter as the City Council may reach the matter, at the John Ferraro Council Chamber, Room 340, 200 North Spring Street, Los Angeles, California, as the time and place when and where the City Council will conduct a public hearing on the establishment of the Community Facilities District.

Section 9. The City Clerk is hereby directed to publish, or cause to be published, a notice of said public hearing one time in a newspaper of general circulation published in the area of the proposed Community Facilities District. The publication of said notice shall be completed at least seven days prior to the date herein fixed for said hearing. Said notice shall contain the information prescribed by Section 53322 of the Act. The City Clerk is also directed to give notice of said public hearing by first-class mail to each registered voter within the proposed Community Facilities District and to each landowner within the proposed Community Facilities District. Said notice shall contain the same information as is required to be contained in the published notice described in this Section.

Section 10. The levy of said proposed special tax shall be subject to the approval of the qualified electors of the proposed Community Facilities District at a special election. The proposed voting procedure shall be by mailed ballot among the registered voters of the proposed Community Facilities District, with each voter having one vote.

Section 11. Each officer of the City who is or will be responsible for providing one or more of the proposed types of Facilities is hereby directed to study, or cause to be studied, the proposed Community Facilities District and, at or before said public hearing, file a report with

the City Council containing a brief description of the public facilities by type which will in his or her opinion be required to adequately meet the needs of the Community Facilities District, and his or her estimate of the cost of providing the Facilities. Such officers are hereby also directed to estimate the fair and reasonable cost of the Facilities proposed to be purchased as completed public facilities and of the incidental expenses proposed to be paid. Such report shall be made a part of the record of said public hearing.

Section 12. LASI has heretofore advanced certain funds, and may advance additional funds, which have been or may be used to pay costs incurred in connection with the establishment of the Community Facilities District and the issuance of special tax bonds thereby. The City Council proposes to repay all or a portion of such funds expended for such purpose, solely from the proceeds of such bonds, pursuant to the Deposit Agreement. The Deposit Agreement is hereby incorporated herein as though set forth in full herein.

Section 13. The officers and employees of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

Section 14. This Resolution shall take effect immediately upon its passage.

PASSED and ADOPTED by the Council of the City of Los Angeles this 27th day of June, 2012, by the following vote:

AYES: 11

NOES: 0

ABSENT: 4

APPROVED AS TO FORM

CARMEN A. TRUTANICH, City Attorney

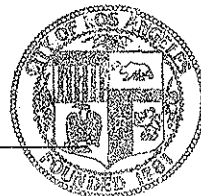
By: _____

Marilyn L. Garcia,
Assistant City Attorney

I certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting on June 27, 2012.

JUNE LAGMAY, City Clerk

By: Vani Warner
Deputy City Clerk



C.F. 11-0329-56