

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 22, 2012

CAO File No. 0220-02221-9069
Council File No. 11-0329-S6
Council District: 9,14

To: The City Council

From: Miguel A. Santana, City Administrative Officer 

Reference: Motion C.F. 11-0329-S6

Subject: **AUTHORIZING RESOLUTIONS AND OTHER ACTIONS NECESSARY TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 9, DOWNTOWN STREETCAR**

SUMMARY

The City Administrative Officer (CAO) is in receipt of an Application submitted by Los Angeles Streetcar, Inc. (LASI) seeking the formation of a Community Facilities District (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 streetcar project was initiated by the Community Redevelopment Agency of Los Angeles (CRA/LA) over ten years ago and various studies have been conducted which address the economic impact of a potential streetcar system. This Office has not been asked to conduct an independent economic impact analysis or transportation study, therefore we cannot address the economic viability or transportation impact of this proposed project. This Office was instructed to take appropriate action to effectuate the formation of a potential CFD (C.F. 11-0329-S5). This report addresses CFD formation requirements and includes the documents required to initiate the CFD process. Council will have several opportunities to hear this item as additional actions will be required to complete the formation process. Further, federal funding is being pursued by the project sponsor which will require additional Council review and approval.

The issue of who will own and operate the system is undetermined at this time. The Rate and Method of Apportionment (RMA) that is Exhibit A to the Resolution of Intention to Establish a CFD

(Attachment B) includes contingencies which will need to be cleared before bonds can be issued. One of these contingencies is the submission of a Finance Plan to the Federal Transportation Authority (FTA) as part of the application for the Small Starts Grant Program, to the satisfaction of the City. The Financial Plan must address ownership and provide a detailed operation plan for a period of at least twenty years. Council approval of the Financial Plan as part of the FTA application will be required and provide the opportunity to comprehensively vet these issues in the future.

Prior economic studies conducted by CRA/LA report that the streetcar project will revitalize downtown and generate significant benefits over a 25-year period, in terms of additional development, reactivation of unused office space, job creation, and increased revenues from sales, hotel and business tax. According to LASI, it is preliminarily expected that fare revenues generated by the system will fully support annual operating costs of \$5-7 million (C.F. 11-0329). However, additional information regarding the final route configuration and other operational decisions need to be provided in order to fully analyze the annual operating and maintenance costs. It is expected that this will occur as part of the FTA application process.

CRA/LA committed \$900,000 in prior year funds and earmarked future year funds, for a total of \$10 million, towards this project (C.F. 11-0329). Given the recent demise of CRA/LA and the uncertainty of the process to unwind CRA/LA obligations, it is not known with certainty what the status of the future year funds will be pending the outcome of actions by the Designated Local Authority, the Oversight Board and the Department of Finance. There is the possibility that LASI can pursue up to a maximum of \$75 million in FTA grant funds if project costs exceed current projections or if other funding sources, such as CRA funds, are not available.

This Office has 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 approval of the recommendations in this report will enable the project to stay on track to meet deadlines required as part of the FTA grant application. There will be future opportunities to further analyze and vet these issues.

These recommendations are in compliance with the City's Financial Policies.

RECOMMENDATIONS

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

1. ADOPT the attached Resolution of the City of Los Angeles of Intention to Establish Community Facilities District No. 9 (Downtown Streetcar) (Attachment A);
2. ADOPT the attached Resolution of the City of Los Angeles to Incur Bonded Indebtedness of the proposed Community Facilities District No. 9 (Downtown Streetcar) (Attachment B);

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 City Administrative Officer;
4. Authorize the City Administrative Officer to make technical adjustments as necessary to implement the intent of the Mayor and Council actions.

FISCAL IMPACT STATEMENT

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

This report has no immediate debt impact on the General Fund.

FINDINGS

1. BACKGROUND

Los Angeles Streetcar, Incorporated (LASI) is a 501(c)(3) non-profit organization formed by downtown stakeholders, including major property owners and civic leaders, to lead the fundraising and development efforts of the downtown Los Angeles streetcar project. LASI is modeled after public-private partnerships in Portland and Seattle, where modern streetcar systems have been successfully launched over the last decade. The Community Redevelopment Agency of the City of Los Angeles (CRA/LA) provided funds to LASI totaling \$900,000 and earmarked additional funds as discussed further later in this report.

2. PROJECT

The streetcar system is proposed to be approximately 4 miles and serve the Civic Center, Grand Avenue, Music Center, Disney Hall, Historic Broadway, Historic Core, South Park, LA Live and the Los Angeles Convention Center, seven days a week. The Los Angeles County Metropolitan Authority (Metro) on behalf of LASI, has completed extensive environmental work, including an analysis regarding route alternatives (Alternatives Analysis) as part of the California Environmental Quality Act (CEQA) process. The preferred route alternative known as Alternative 7 was selected as a result and approved by the CRA/LA and Council (C.F. 11-0329-S2). Preliminary revenue and expenditure projections are based on this route. This route selection is subject to modification, pending the outcome of additional environmental and implementation analyses.

Project Costs and Funding Sources

The project is estimated at cost \$125 million for the design and construction of the streetcar system:

	<u>(millions)</u>
Guideway and Track Elements	\$ 12,143
Stops	2,520
Support Facilities	11,193
Sitework and Special Conditions	10,417
Systems	12,267
Right-of-Way	1,775
Vehicles	30,240
Professional Services	16,501
Project Reserve (10%)	9,706
Contingency	<u>18,239</u>
Total:	\$ 125.0

LASI is pursuing capital funding as follows:

	<u>(millions)</u>
CRA/LA	\$ 10.0
CFD	62.5
Federal Small Starts Grant	<u>52.5</u>
Total:	\$ 125.0

CRA/LA committed \$900,000 in prior year funds and earmarked future year funds, for a total of \$10 million, towards this project (C.F. 11-0329). Given the recent demise of CRA/LA and the ambiguity of the process to unwind CRA/LA obligations, it is not known with certainty what the status of the future year funds will be pending the outcome of actions by the Designated Local Authority, the Oversight Board and the Department of Finance.

Federal Application

Metro, in coordination with LASI and the Department of Transportation (DOT), is preparing the federal application for the Small Starts Grant Program. This program provides grants for capital costs associated with new fixed guideway systems, extensions and bus corridor improvements. The maximum award is \$75 million and the project costs must be below \$250 million. Pursuant to federal guidelines, projects should include an even mix of public and private funds. LASI has developed a preliminary budget consistent with this goal, with the expectation of receiving approximately \$52.5 from this grant program. There is the possibility that LASI can pursue up to the ceiling of \$75 million if project costs exceed current projections or if other funding sources, such as CRA funds, are not available.

The approval of a CFD by the registered voters within the proposed district is required in order to fulfill the public matching fund requirements of the grant program. The election, which will be done by a special election mail ballot, must be completed by this Fall in order to meet the grant application deadline.

Environmental

Metro, on behalf of LASI, has completed the Alternatives Analysis resulting in the selection of Alternative 7 as the Locally Preferred Alternative, as previously mentioned. The formal CEQA process is anticipated to begin by September 2012 and conclude in one year.

Ownership and Operations

LASI and Council District 14 indicate that options regarding operations are currently being explored, including the possibility of having Metro or DOT operate, or establishing a joint powers authority (JPA). The issue of ownership and who would ultimately bear the financial responsibility for the system is undetermined at this point. These issues will need to be resolved in order to submit the FTA grant application, which is expected to be completed by Winter 2012. Council approval of the application will be required, therefore there will be future opportunities to address these issues.

The Rate and Method of Apportionment (RMA) that is attached as Exhibit B to the Resolution of Intention to Establish a CFD (Attachment B) includes contingencies which must be satisfied before bonds are issued. The issue of ownership will need to be resolved as part of the Federal application, which must be completed and certified as part of these contingencies. Bonds will not be issued until such time as this issue is resolved to the satisfaction of the City. These contingencies are:

1. Certification of CEQA - The CFD Administrator shall have been provided with an opinion of counsel reasonably satisfactory to the CFD Administrator to the effect that the legislative body responsible for overseeing the California Environmental Quality Act (CEQA, California Public Resources Code §§ 21000 et seq.) review process for the Downtown Los Angeles Streetcar Project has certified or otherwise approved any necessary environmental review required by CEQA, and that the legal challenge period associated with such CEQA process has expired.
2. Acceptance by the Federal Transit Authority for Project Development for the Downtown Los Angeles Streetcar Project - The CFD Administrator shall have been provided with an opinion of counsel reasonably satisfactory to the CFD Administrator to the effect that the Federal Transit Administration has accepted the Downtown Los Angeles Streetcar Project into Project Development (as defined by 49 USC §5309).
3. Commitment to operate the streetcar system by a public or private operator, such as, but not limited to, the City of Los Angeles or Metro - The CFD Administrator shall have been provided with an opinion of counsel reasonably satisfactory to the CFD Administrator to the effect that there has been submitted to the Federal Transit Administration a Finance Plan for the Downtown Los Angeles Streetcar Project that meets the Federal Small Starts funding program requirements (pursuant to 49 USC §5309), including the requirement thereof that such Finance Plan includes a commitment to operate the Downtown Los Angeles Streetcar Project for a minimum period of 20 years.

DASH Impact

LASI reports that DASH routes and other transit lines may be impacted, but further analysis is premature until the project moves further along in the Federal approval process. DOT will need to report back in the future regarding potential impacts.

Project Timeline

LASI expects that Metro will complete the analyses required by the National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA) in 2012-13. Engineering activities are estimated to be substantially completed in 2013; construction will occur in 2014-15. The system is expected to be fully operational by late 2015.

3. MELLO-ROOS DISTRICTS

The Mello-Roos Community Facilities Act was enacted in 1982 and provides a method for local governments to fund public infrastructure and certain services, particularly for newly developing areas. The Act provides that cities may form "community facilities districts" (CFDs), special financing entities through which a local government is empowered to levy special taxes and issue bonds authorized by two-thirds vote of the qualified electors of such a district. Mello-Roos bond proceeds can be used to finance the construction, expansion, rehabilitation, or acquisition of any real or other tangible property with an estimated useful life of five years or more, which will be constructed, owned or operated by a public entity. Mello-Roos bonds are payable solely from special taxes levied on property within the boundaries of the CFD. The City is not obligated to pay the bonds from any funds of the City. As the CFD administrator, the City has the obligation to ensure sufficient taxes are levied to pay debt service. In the case of delinquencies, the Act authorizes the CFD administrator to institute foreclosure actions on a property under specified conditions.

4. EXTRAORDINARY PUBLIC BENEFIT

The streetcar system will consist of tracks, streetcar vehicles, streetcar stations, platforms and related sidewalk infrastructure as further defined in Exhibit A of the Resolution of Intention to Establish a CFD (Attachment B).

Incidental expenses are also proposed to be covered by the CFD including:

- the cost of planning and designing public facilities to be financed, including the cost of environmental evaluations of those facilities;
- the costs associated with the creation of the Community Facilities District, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District; and
- any other expenses incidental to the construction, completion, and inspection of the authorized work.

5. TIMELINE

The following is a projected general timeline for the formation of the CFD:

JUNE	Mayor and Council adopt attached Resolutions
JULY	Public Hearing held
AUGUST	Mayor and Council adopt additional Ordinances and Resolutions regarding formation transmitted via CAO report
FALL	Election held and certified

WINTER

Federal application submitted

Assuming all of the contingencies as specified in the RMA are satisfied, bonds will be issued based on a construction schedule to be provided by LASI at a later date.

ATTACHMENT A – Written Request

EXHIBIT A – Proposed CFD Boundary Map

EXHIBIT B –Types of Facilities

ATTACHMENT B – Resolution of Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes

EXHIBIT A – Facilities to be Purchased and Incidental Expenses

EXHIBIT B – Proposed Rate and Method of Apportionment

ATTACHMENT C – Resolution to Incur Bonded Indebtedness

ATTACHMENT D – Proposed Streetcar System Map

MAS:SMB: 09120237

ATTACHMENT A

WRITTEN REQUEST TO CREATE A COMMUNITY FACILITIES DISTRICT

**WRITTEN REQUEST
TO CREATE A
COMMUNITY FACILITIES DISTRICT**

Honorable City Council
City of Los Angeles
John Ferraro Council Chamber
200 North Spring Street
Los Angeles, CA 90012

Members of the Council:

This is a written request to create a community facilities district under the Mello-Roos Community Facilities Act of 1982 (the "Act"), and the undersigned hereby state as follows:


1. Council Members. This Written Request is submitted by Councilmember José Huizar and Councilmember Tom LaBonge (the "Requesting Council Members"), each of whom is a member of the Council of the City of Los Angeles (the "City Council").

2. Proceedings Requested. The Requesting Council Members hereby request that the City Council institute proceedings pursuant to the Act to establish a community facilities district to be named "City of Los Angeles Community Facilities District No. 9 (Downtown Streetcar)" (the "Community Facilities District"), to levy special taxes in the Community Facilities District and to authorize special tax bonds for the Community Facilities District in an amount of not to exceed \$85,000,000.

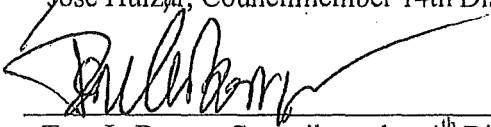
3. Boundaries of Community Facilities District. The boundaries of the territory that is proposed for inclusion in the Community Facilities District are described in Exhibit A attached hereto and made a part hereof.

4. Types of Facilities. The types of facilities to be financed by the Community Facilities District are described in Exhibit B attached hereto and made a part hereof.

This Written Request is dated as of June 20, 2012.



José Huizar, Councilmember 14th District



Tom LaBonge, Councilmember 4th District

EXHIBIT A

BOUNDARIES OF COMMUNITY FACILITIES DISTRICT

The boundaries of the territory which is proposed for inclusion in the Community Facilities District are depicted in the attached map.

**PROPOSED BOUNDARIES OF
CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 9
(Downtown Streetcar)
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA**

(1) Filed in the office of the City Clerk of the City of Los Angeles the ____ day of _____, 2012.

June Lagmay
City Clerk, City of Los Angeles

(2) I hereby certify that the within map showing the proposed boundaries of City of Los Angeles Community Facilities District No. 9 (Downtown Streetcar), County of Los Angeles, State of California, was approved by the Council of the City of Los Angeles at a regular meeting thereof, held on the _____ day of _____, 2012, by its Resolution No. _____.

June Lagmay
City Clerk, City of Los Angeles

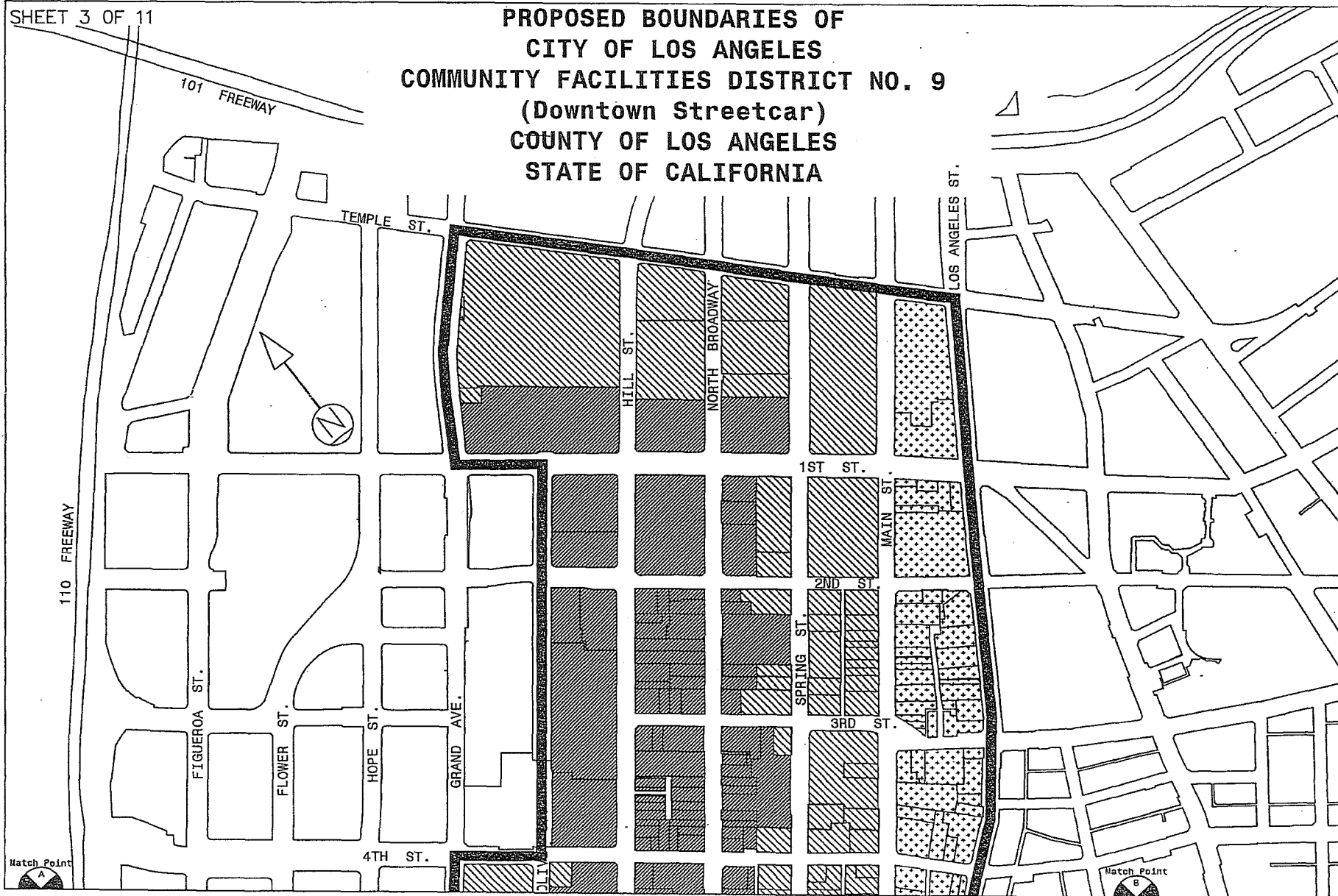
(3) Filed the ____ day of _____, 2012, at the hour of ____ o'clock ____m, in Book _____ of Maps of Assessment and Community Facilities Districts at Page _____ and as Instrument No. _____ in the office of the County Recorder in the County of Los Angeles, State of California.

Dean C. Logan
Registrar-Recorder/County Clerk,
County of Los Angeles

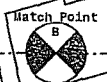
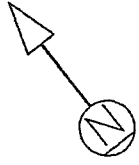
By _____
Deputy
Fee _____

Exempt recording requested,
per CA Government Code §6103

**PROPOSED BOUNDARIES OF
CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 9
(Downtown Streetcar)
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA**



**PROPOSED BOUNDARIES OF
CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 9
(Downtown Streetcar)
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA**



110 FREEWAY

FIGUEROA ST.

5TH ST.

6TH ST.

7TH ST.

8TH ST.

9TH ST.

FLOWER ST.

HOPE ST.

GRAND AVE.

OLIVE ST.

HILL ST.

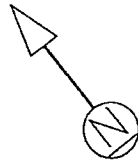
SPRING ST.

MAIN ST.

LOS ANGELES ST.



**PROPOSED BOUNDARIES OF
CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 9
(Downtown Streetcar)
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA**

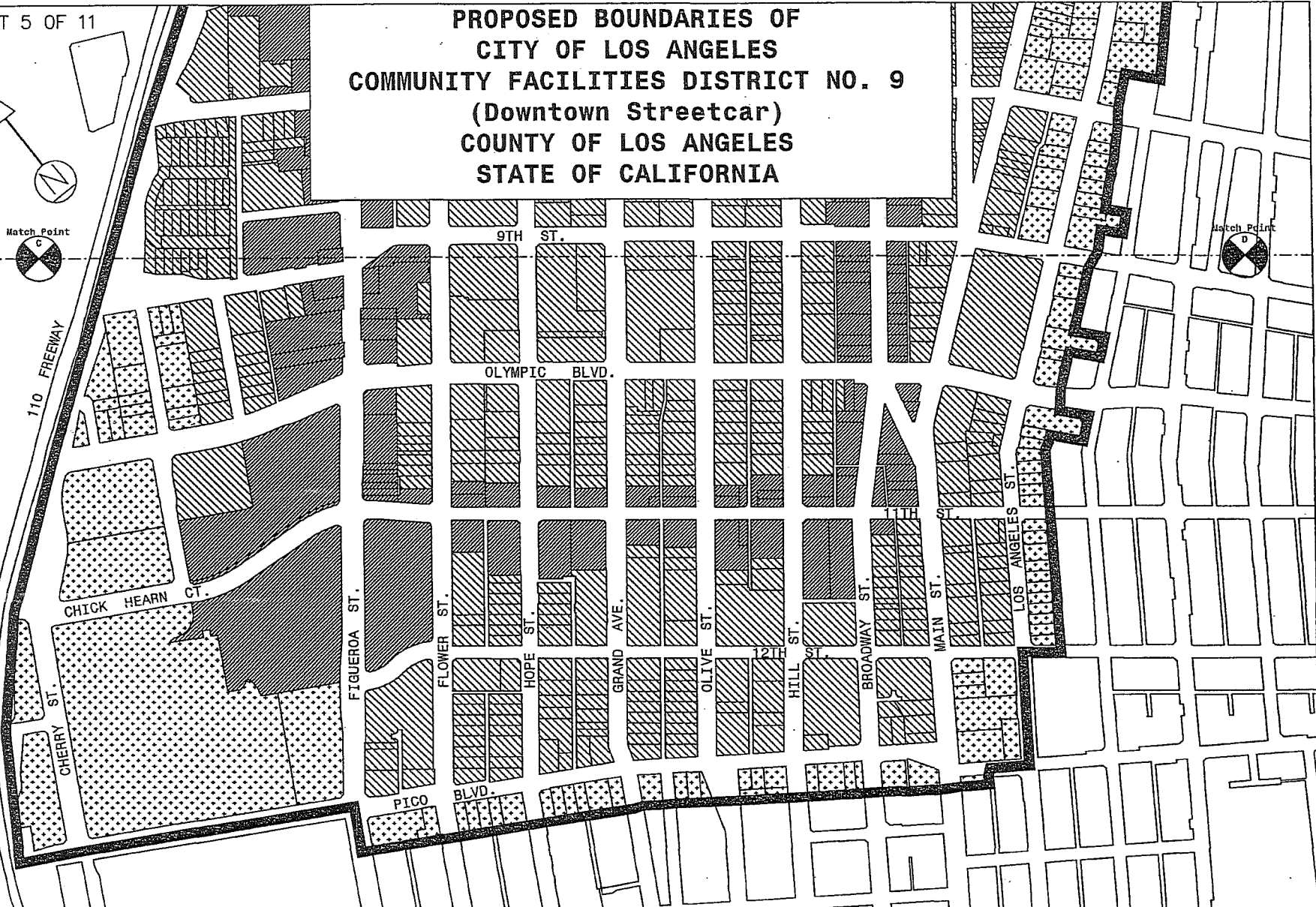


Match Point
C



110 FREEWAY

Match Point
D



PROPOSED BOUNDARIES OF CITY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 9 (Downtown Streetcar) COUNTY OF LOS ANGELES STATE OF CALIFORNIA

ZONE 2 ASSESSOR PARCEL NUMBERS

Table with 17 columns of parcel numbers, ranging from 5139-028-057 to 5144-026-139.

**PROPOSED BOUNDARIES OF
CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 9
(Downtown Streetcar)
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA**

ZONE 3 ASSESSOR PARCEL NUMBERS

5133-001-001	5139-027-012	5148-001-006	5148-021-023	5161-026-008
5133-001-002	5139-027-013	5148-001-009	5148-021-024	5161-026-022
5133-001-003	5139-027-015	5148-001-011	5148-021-025	5161-026-023
5133-001-004	5139-027-016	5148-001-015	5148-021-026	5161-026-024
5133-010-016	5139-027-017	5148-001-016	5148-021-027	5161-026-033
5133-010-017	5145-001-001	5148-001-017	5148-021-028	5161-026-034
5133-011-002	5145-001-002	5148-001-018	5148-021-029	5161-026-035
5134-010-004	5145-001-003	5148-001-020	5148-021-030	5161-026-037
5134-010-023	5145-001-004	5148-001-021	5148-021-031	5161-026-901
5134-011-026	5145-001-005	5148-001-022	5148-021-032	5161-026-904
5134-011-027	5145-001-006	5148-001-023	5148-021-033	5161-026-905
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5134-011-030	5145-001-009	5148-008-001	5148-021-036	5161-026-908
5134-017-001	5145-001-010	5148-008-002	5148-021-037	5161-026-909
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5134-017-003	5145-001-012	5148-008-006	5148-021-039	5161-026-911
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5134-017-006	5145-001-015	5148-008-900	5148-021-042	5161-026-914
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5138-006-022	5145-020-002	5148-020-002	5151-025-905	
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5138-006-024	5145-020-004	5148-020-004	5151-026-024	
5138-006-027	5145-020-005	5148-020-006	5151-026-400	
5138-007-080	5145-020-029	5148-020-007	5161-004-910	
5138-007-081	5145-020-038	5148-020-008	5161-004-911	
5138-007-084	5145-020-052	5148-020-009	5161-014-901	
5138-007-085	5145-021-002	5148-021-002	5161-014-902	
5138-007-086	5145-021-003	5148-021-003	5161-015-901	
5138-007-093	5145-021-004	5148-021-010	5161-015-902	
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5138-007-101	5145-021-008	5148-021-012	5161-015-904	
5138-016-908	5145-021-021	5148-021-015	5161-016-905	
5138-016-909	5145-021-022	5148-021-016	5161-016-906	
5138-016-912	5145-021-025	5148-021-017	5161-026-001	
5138-016-914	5145-021-027	5148-021-019	5161-026-002	
5139-027-002	5145-021-029	5148-021-021	5161-026-003	
5139-027-003	5145-021-030	5148-021-022	5161-026-004	

EXHIBIT B

TYPES OF FACILITIES

The types of facilities to be financed by the Community Facilities District are facilities comprising a streetcar system providing fixed rail transit service within the boundaries of the Community Facilities District, including tracks, streetcar vehicles, streetcar stations and platforms, related sidewalk infrastructure, structural and streetscape improvements, relocation and/or installation of above and below ground utilities, utility access points, street paving, drainage, curb and gutter modifications and improvements, maintenance facilities, facilities for providing electricity to the system, including overhead wires and utility substations, and related infrastructure, traffic signalization and related systems, signage, wayfinding, lighting and landscaping related thereto, electronic and mechanical systems and programming therefor, and land, rights-of-way and easements necessary for any of such facilities.

ATTACHMENT B

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

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 ____ day of _____, 2012, by the following vote:

AYES:

NOES:

ABSENT:

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 _____, 2012.

JUNE LAGMAY, City Clerk

By: _____
Deputy City Clerk

C.F. _____

EXHIBIT A

FACILITIES, FACILITIES TO BE PURCHASED AND INCIDENTAL EXPENSES

Facilities

The types of facilities to be financed by the Community Facilities District are facilities comprising a streetcar system providing fixed rail transit service within the boundaries of the Community Facilities District, including tracks, streetcar vehicles, streetcar stations and platforms, related sidewalk infrastructure, structural and streetscape improvements, relocation and/or installation of above and below ground utilities, utility access points, street paving, drainage, curb and gutter modifications and improvements, maintenance facilities, facilities for providing electricity to the system, including overhead wires and utility substations, and related infrastructure, traffic signalization and related systems, signage, wayfinding, lighting and landscaping related thereto, electronic and mechanical systems and programming therefor, and land, rights-of-way and easements necessary for any of such facilities.

Incidental Expenses

The incidental expenses proposed to be incurred include the following:

- (a) the cost of planning and designing public facilities to be financed, including the cost of environmental evaluations of those facilities;
- (b) the costs associated with the creation of the Community Facilities District, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District; and
- (c) any other expenses incidental to the construction, completion, and inspection of the authorized work.

EXHIBIT B

PROPOSED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

**RATE AND METHOD OF APPORTIONMENT FOR
CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 9
(DOWNTOWN STREETCAR)**

A Special Tax shall be levied on all Assessor's Parcels in the City of Los Angeles Community Facilities District No. 9 (Downtown Streetcar) ("CFD No. 9") and collected each Fiscal Year commencing in Fiscal Year 2013-2014, in an amount determined through the application of the Special Tax for Taxable Property as described below. All of the real property in CFD No. 9, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acreage" means the number of acres within a Plot of Land as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other official map.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the California Government Code.

"Administrative Expenses" means, for any Fiscal Year, any actual or reasonably estimated costs directly related to the administration of CFD No. 9 in such Fiscal Year, including (in no particular priority order):

- the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or a designee thereof or both);
- the costs of collecting the Special Taxes (whether by the County or otherwise);
- the costs of remitting the Special Taxes to the Trustee;
- the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Trust Agreement payable by CFD No. 9 under the Trust Agreement;
- the costs of the City or CFD No. 9 of complying with arbitrage rebate requirements;
- the costs of the City or CFD No. 9 of complying with City, CFD No. 9 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act;
- the costs of the City or CFD No. 9 associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes;
- the costs of the City or CFD No. 9 related to an appeal of the Special Tax;
- the costs of the City or CFD No. 9 associated with the release of funds from an escrow account (to the extent not paid from other sources);
- the costs of calculating the prepayment of Special Taxes (to the extent not paid or provided for pursuant to Section H), and recordings related to such prepayment and satisfaction of Special Taxes;

- reasonable attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes; and
- an allocable share of the salaries of the City staff directly related to the foregoing.

"Assessor's Parcel" means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating lots and parcels by Assessor's Parcel number.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 9 under the Act.

"Building Floor Area" means, for a Plot of Land that contains more than one Assessor's Parcel, the building square footage of each Assessor's Parcel located on such Plot of Land as indicated in the building square footage data for such Assessor's Parcel as obtained from the Assessor of the County, or as indicated on the building permit therefor, or other official information as determined by the CFD Administrator.

"CAO" means the City Administrative Officer of the City, or his or her designee, or a City official succeeding to the duties of the City Administrative Officer.

"CFD Administrator" means the CAO or designee thereof responsible for the overall administration of CFD No. 9.

"CFD No. 9" means City of Los Angeles Community Facilities District No. 9 (Downtown Streetcar).

"City" means the City of Los Angeles, and any successor thereto.

"Commencement Year" means the first Fiscal Year after all of the conditions described in Section B below have been met.

"Condominium" means an Assessor's Parcel of property that meets the statutory definition of a condominium contained in California Civil Code Section 1351.

"Council" means the Council of the City, acting as the legislative body of CFD No. 9.

"County" means the County of Los Angeles, and any successor thereto.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Initial Public Property" means any property within the boundaries of CFD No. 9 that, at the time of formation of CFD No. 9, was owned by a public agency including the federal government, the State, the County, the City, or any other local government and that has not

subsequently transferred to an entity that is not a public agency after formation of CFD No. 9.

"Maximum Special Tax" means, with respect to an Assessor's Parcel, the maximum Special Tax, determined in accordance with Section C below, that can be levied in a particular Fiscal Year on such Assessor's Parcel.

"Outstanding Bonds" means all Bonds which are deemed to be outstanding under the Trust Agreement.

"Parcel Square Footage" means the Acreage of a Plot of Land multiplied by 43,560.

"Plot of Land" means with respect to an Assessor's Parcel, the entire physical land area described on the first sheet of the applicable book and page of the Assessor's Parcel Map on which such Assessor's Parcel is identified.

"Proportionately" means, for Taxable Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Property.

"Special Tax" means the special tax for CFD No. 9 that was approved by the voters and that is levied in each Fiscal Year on each Assessor's Parcel of Taxable Property in accordance with this Rate and Method of Apportionment

"Special Tax Requirement" means, for any Fiscal Year, that amount required, after taking into account available amounts held in the funds and accounts established under the Trust Agreement, to: (i) pay debt service on all Outstanding Bonds due in the calendar year beginning in said Fiscal Year; (ii) pay periodic costs on the Bonds including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay directly for the design, acquisition or construction of facilities authorized to be financed by CFD No. 9; (v) pay any amounts required to establish or replenish any reserve funds for Outstanding Bonds; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year.

"State" means the State of California.

"Taxable Property" means, for each Fiscal Year, all of the Assessor's Parcels within the boundaries of CFD No. 9 which are not exempt from the Special Tax pursuant to law or Section E below.

"Trust Agreement" means the trust agreement, indenture, fiscal agent agreement, or similar document, regardless of title, pursuant to which Bonds are issued and which establishes the terms and conditions for the payment of such Bonds, as modified, amended and/or supplemented from time to time in accordance with its terms.

"Trustee" means the trustee, fiscal agent, or paying agent under the Trust Agreement.

"**Vertical Lot**" means an Assessor's Parcel that represents property created by the division of space above, at, or below ground level including, but not limited to, Condominium units or other airspace lots indicated on the Assessor's Parcel Map.

"**Zone**" means Zone 1, Zone 2, or Zone 3, as applicable.

"**Zone 1**" means all Assessor's Parcels located within the boundary of Zone 1 as identified in Exhibit A to this Rate and Method of Apportionment.

"**Zone 2**" means all Assessor's Parcels located within the boundary of Zone 2 as identified in Exhibit A to this Rate and Method of Apportionment.

"**Zone 3**" means all Assessor's Parcels located within the boundary of Zone 3 as identified in Exhibit A to this Rate and Method of Apportionment.

B. CONDITIONS TO LEVY SPECIAL TAX

The following definitions apply to this Section B:

"**Downtown Los Angeles Streetcar Project**" means an approximately four mile fixed guideway urban streetcar system running in the public right-of-way within CFD No. 9.

The Special Tax shall not be levied until the first Fiscal Year after all of the conditions set forth below have been met:

1. Certification of State Environmental Documentation (CEQA)

The CFD Administrator shall have been provided with an opinion of counsel reasonably satisfactory to the CFD Administrator to the effect that the legislative body responsible for overseeing the California Environmental Quality Act ("CEQA", California Public Resources Code §§ 21000 et seq.) review process for the Downtown Los Angeles Streetcar Project has certified or otherwise approved any necessary environmental review for the Downtown Los Angeles Streetcar Project, and that the legal challenge period associated with such CEQA process has expired.

2. Acceptance by the Federal Transit Administration into Project Development

The CFD Administrator shall have been provided with an opinion of counsel reasonably satisfactory to the CFD Administrator to the effect that the Federal Transit Administration has accepted the Downtown Los Angeles Streetcar Project into Project Development (as defined by 49 USC §5309).

3. Commitment to Operate the Downtown Los Angeles Streetcar Project System by a Public or Private Operator

The CFD Administrator shall have been provided with an opinion of counsel reasonably satisfactory to the CFD Administrator to the effect that there has been submitted to the Federal Transit Administration a Local Financial Commitment (as defined by 49 USC §5309) for the Downtown Los Angeles Streetcar Project that meets the Federal Small Starts funding program requirements (pursuant to 49 USC §5309), including the requirement thereof that such Local Financial Commitment include a commitment to operate the Downtown Los Angeles Streetcar Project system by a public or private operator, such as, but not limited to, the City or the Los Angeles County Metropolitan Transportation Authority for a minimum period of 20 years.

C. MAXIMUM SPECIAL TAX RATE

Each Fiscal Year, beginning with the Commencement Year, all property within CFD No. 9 shall be classified as either (i) Taxable Property, which shall be subject to the Special Tax in accordance with the rate and method of apportionment determined pursuant to Sections C and D below or (ii) Initial Public Property, which shall be exempt from the Special Tax pursuant to law and Section E below.

The Maximum Special Tax for each Assessor's Parcel of Taxable Property shall be based on the Parcel Square Footage of such Assessor's Parcel. For purposes of determining the Parcel Square Footage for Assessor's Parcels for Vertical Lots located on a single Plot of Land, the CFD Administrator shall allocate the Parcel Square Footage for such Plot of Land to each Assessor's Parcel located on such Plot of Land in proportion to the Building Floor Area for each Vertical Lot as determined by the CFD Administrator.

The Maximum Special Tax for each Zone is shown below in Table 1.

TABLE 1
Maximum Special Tax

Zone	Maximum Special Tax
1	\$0.59670 per Parcel Square Foot
2	\$0.41769 per Parcel Square Foot
3	\$0.20885 per Parcel Square Foot

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

In the Commencement Year and each following Fiscal Year, the Council shall levy the Special Tax Proportionately on each Assessor's Parcel of Taxable Property at up to 100% of the applicable Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances shall the Special Tax levied in any Fiscal Year against any Assessor's Parcel of residential property for which a certificate of occupancy has been issued for private residential use be increased by more than ten percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 9. To the extent that the levy of the Special Tax on residential property is limited by the provision in the previous sentence, the levy of the Special Tax on all other Assessor's shall continue in equal percentages at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

No Special Tax shall be levied on Initial Public Property.

Notwithstanding the foregoing, if in any Fiscal Year an Assessor's Parcel of Initial Public Property was leased to a private entity as of January 1 of the previous Fiscal Year and subject to taxation under Section 53340.1 of the Act, such Assessor's Parcel shall be considered Taxable Property and shall be subject to the levy of the Special Tax for such Fiscal Year.

Initial Public Property that is transferred to a private entity after formation of CFD No. 9 shall be reclassified as Taxable Property and shall be subject to the levy of the Special Tax.

F. REVIEW/APPEAL COMMITTEE

Any landowner, lessee or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall make a recommendation to the Council to eliminate or reduce the Special Tax on the appellant's property and/or to provide a refund to appellant. The approval of the Council or its designee must be obtained prior to any such elimination or reduction. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City Clerk, provided that appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons why the appellant disagrees with the CFD Administrator's determination. The City Clerk shall schedule the appeal to be heard before the appropriate Council committee and/or the Council.

Interpretations may be made by the Council by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 9 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

Under this Rate and Method of Apportionment, an Assessor's Parcel of Taxable Property within CFD No. 9 is permitted to prepay the Special Tax in full or in part. The following definitions apply to this Section H:

"CFD Public Facilities" means either \$62.5 million in 2012 dollars, which shall increase by the Construction Inflation Index on July 1, 2013, and on each July 1 thereafter, or such lower number as determined by Council.

"Construction Fund" means a fund or account specifically identified in the Trust Agreement to hold funds which are currently available for expenditure to acquire or construct public facilities authorized to be financed by CFD No. 9.

"Construction Inflation Index" means, for any Fiscal Year, the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means the CFD Public Facilities minus (i) amounts previously paid from the Construction Fund to acquire or construct public facilities authorized to be financed by CFD No. 9; (ii) moneys currently on deposit in the Construction Fund; and (iii) moneys currently on deposit in an escrow fund, if any, that are expected to be available to acquire or construct public facilities authorized to be financed by CFD No. 9.

"Outstanding Bonds" means all Previously Issued Bonds which are deemed to be outstanding under the Trust Agreement after the first interest and/or principal payment date following the current Fiscal Year.

"Previously Issued Bonds" means all Bonds that have been issued by CFD No. 9 prior to the date of prepayment.

1. Prepayment in Full

The Special Tax obligation applicable to an Assessor's Parcel may be fully prepaid and

the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel or any other Assessor's Parcel owned by such owner at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 60 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge such owner a reasonable fee for providing this service. Prepayment must be made not less than 75 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Trust Agreement.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	<u>Reserve Fund Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Step No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. Compute the Maximum Special Tax for the current Fiscal Year for the Assessor's Parcel to be prepaid.
3. Divide the Maximum Special Tax computed pursuant to step 2 by the total Maximum Special Tax for the current Fiscal Year for all Assessor's Parcels of Taxable Property within CFD No. 9, adjusted to reflect the reduction in Maximum Special Tax revenues from any Assessor's Parcels which have prepaid their Special Tax obligation in full or in part.
4. Multiply the quotient computed pursuant to step 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be redeemed (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount computed pursuant to step 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to step 3 by the amount determined pursuant to step 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Determine the Special Taxes levied on such Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to steps 8 and 9 and subtract the amount computed pursuant to step 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 9, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Trust Agreement), if any, resulting from the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Trust Agreement) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to steps 4, 5, 7, 11 and 12, less the amount computed pursuant to step 13 (the "Prepayment Amount").
15. The Prepayment Amount (less the amount computed pursuant to step 12) shall be deposited into the appropriate fund and applied as set forth in the Trust Agreement. The amount computed pursuant to step 12 shall be retained by CFD No. 9.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under step 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

2. Prepayment in Part

The Special Tax obligation applicable to an Assessor's Parcel may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E - A) \times F + A$$

These terms have the following meaning:

PP = the partial prepayment

P_E = the Prepayment Amount calculated according to Section H.1

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

A = the Administration Fees and Expenses from Section H.1

An owner of an Assessor's Parcel intending to prepay the Special Tax obligation in part shall provide the CFD Administrator with written notice of intent to prepay, along with the percentage by which the Special Tax shall be prepaid. Within 60 days of receipt of such written notice, the CFD Administrator shall notify such owner of the partial prepayment amount for such Assessor's Parcel. The CFD Administrator may charge such owner a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to step 15 of Section H.1. and (ii) indicate in the records of CFD No. 9 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax equal to the outstanding percentage (1.00 - F) of the remaining Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no full or partial Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on Taxable Property within CFD No. 9 both prior to and after the proposed prepayment, less expected Administrative Expenses, is at least 1.1 times the maximum annual debt service on all Outstanding Bonds (excluding any Bonds to be redeemed as a result of such prepayment).

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for the period necessary to fully satisfy the Special Tax Requirement, but in no event shall it be levied for more than forty years commencing with the Commencement Year.






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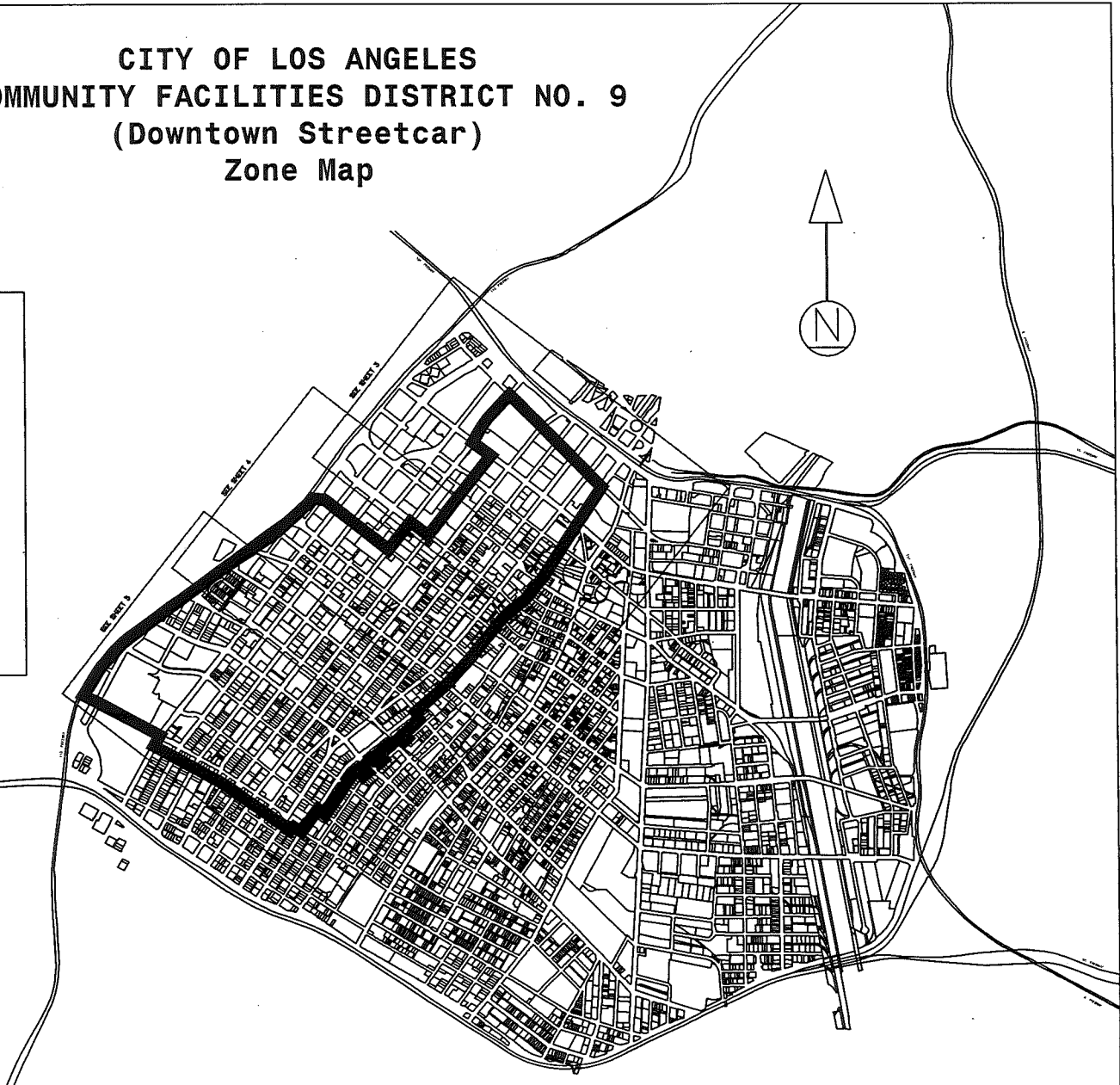
EXHIBIT A

MAP IDENTIFYING PROPERTY IN ZONES 1, 2, AND 3

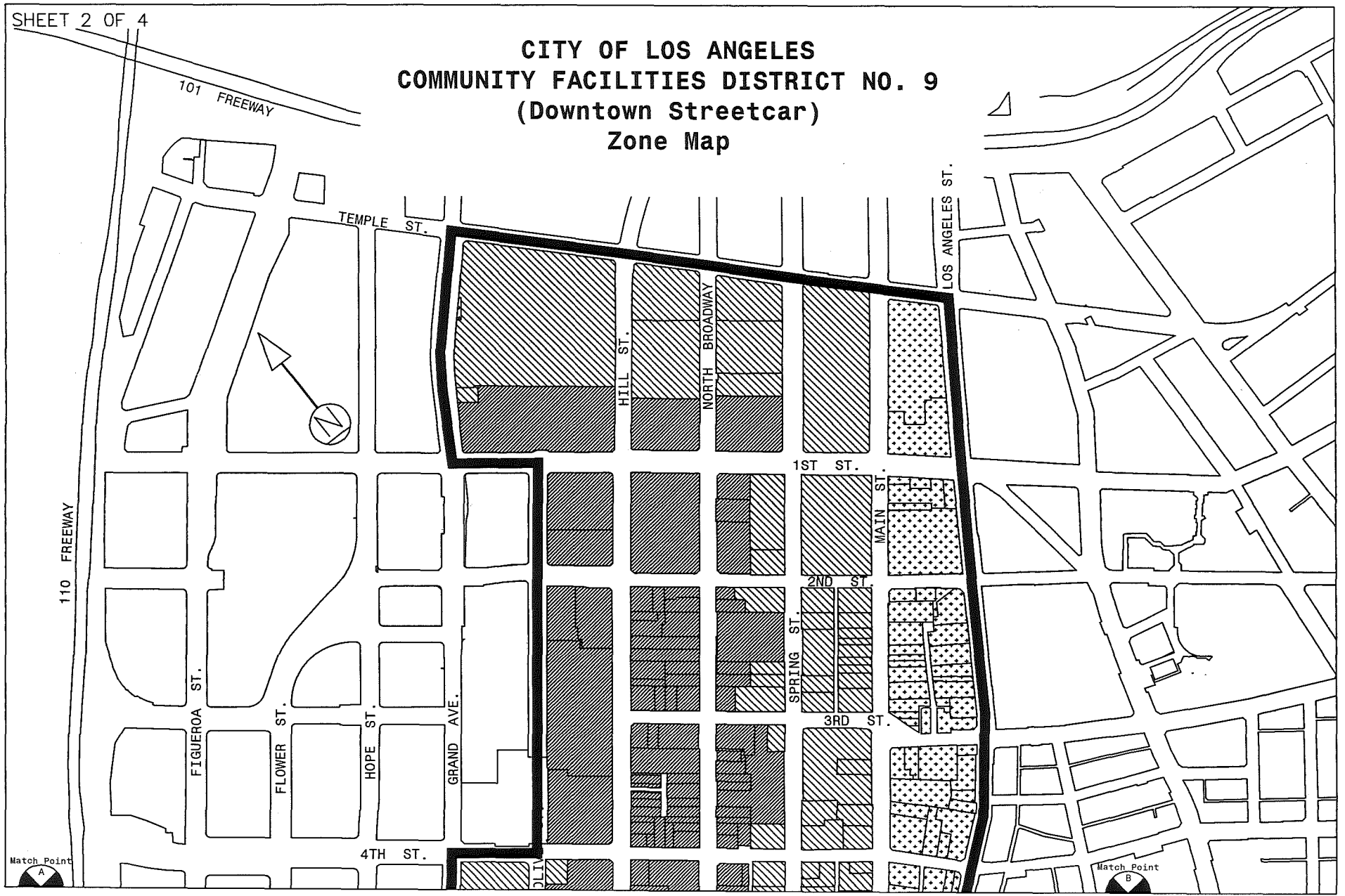
**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 9
(Downtown Streetcar)
Zone Map**

LEGEND

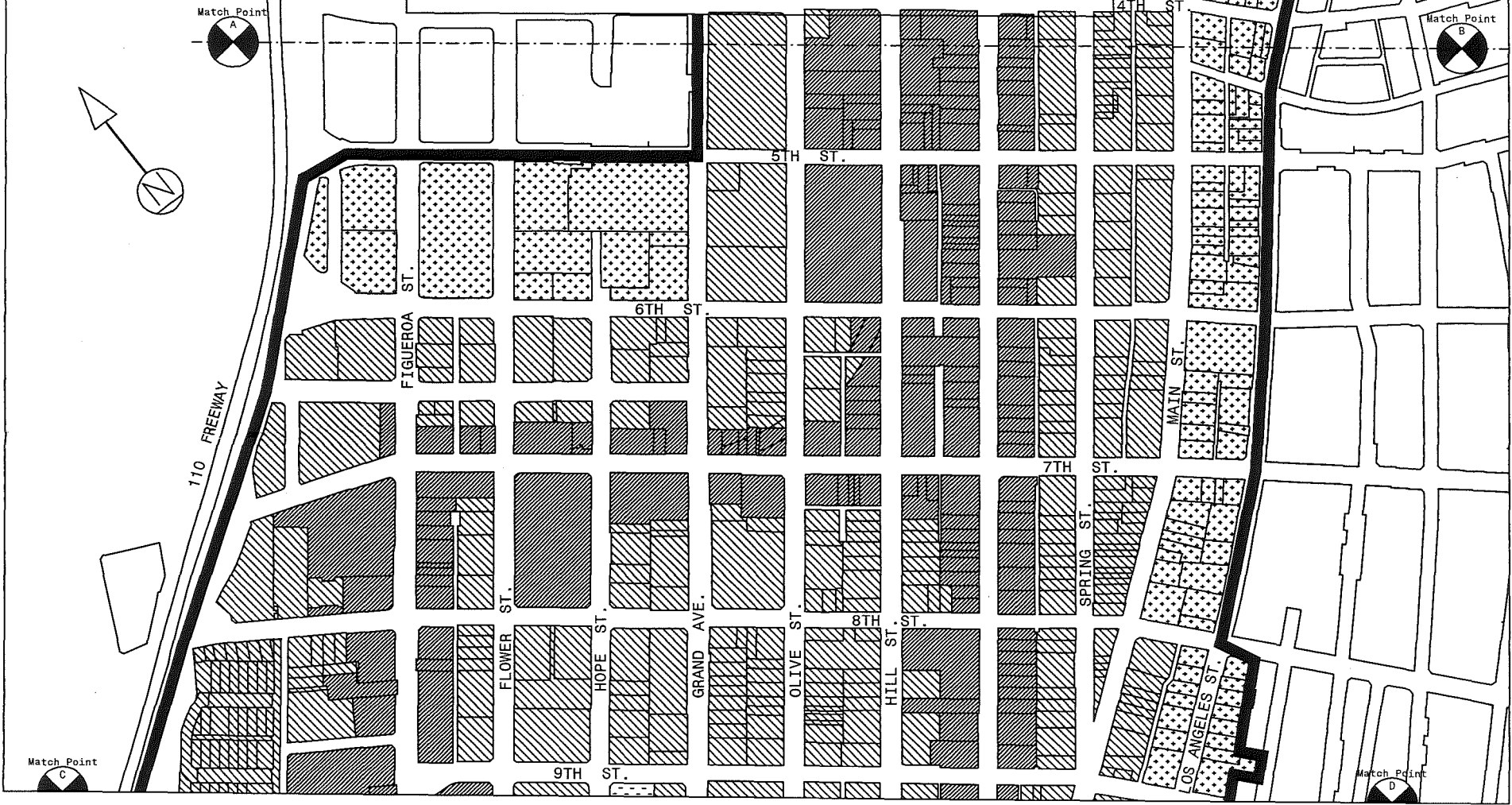
	Boundaries of City of Los Angeles Community Facilities District No. 9 (Downtown Streetcar)
	Parcel Line
	Zone 1 Parcels
	Zone 2 Parcels
	Zone 3 Parcels



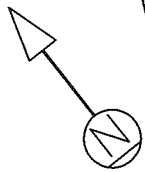
CITY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 9 (Downtown Streetcar) Zone Map



CITY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 9 (Downtown Streetcar) Zone Map



CITY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 9 (Downtown Streetcar) Zone Map



Match Point



Match Point



110 FREEWAY

CHICK HEARN CT.

CHERRY ST.

FIGUEROA ST.

FLOWER ST.

PICO BLVD.

9TH ST.

OLYMPIC BLVD.

HOPE ST.

GRAND AVE.

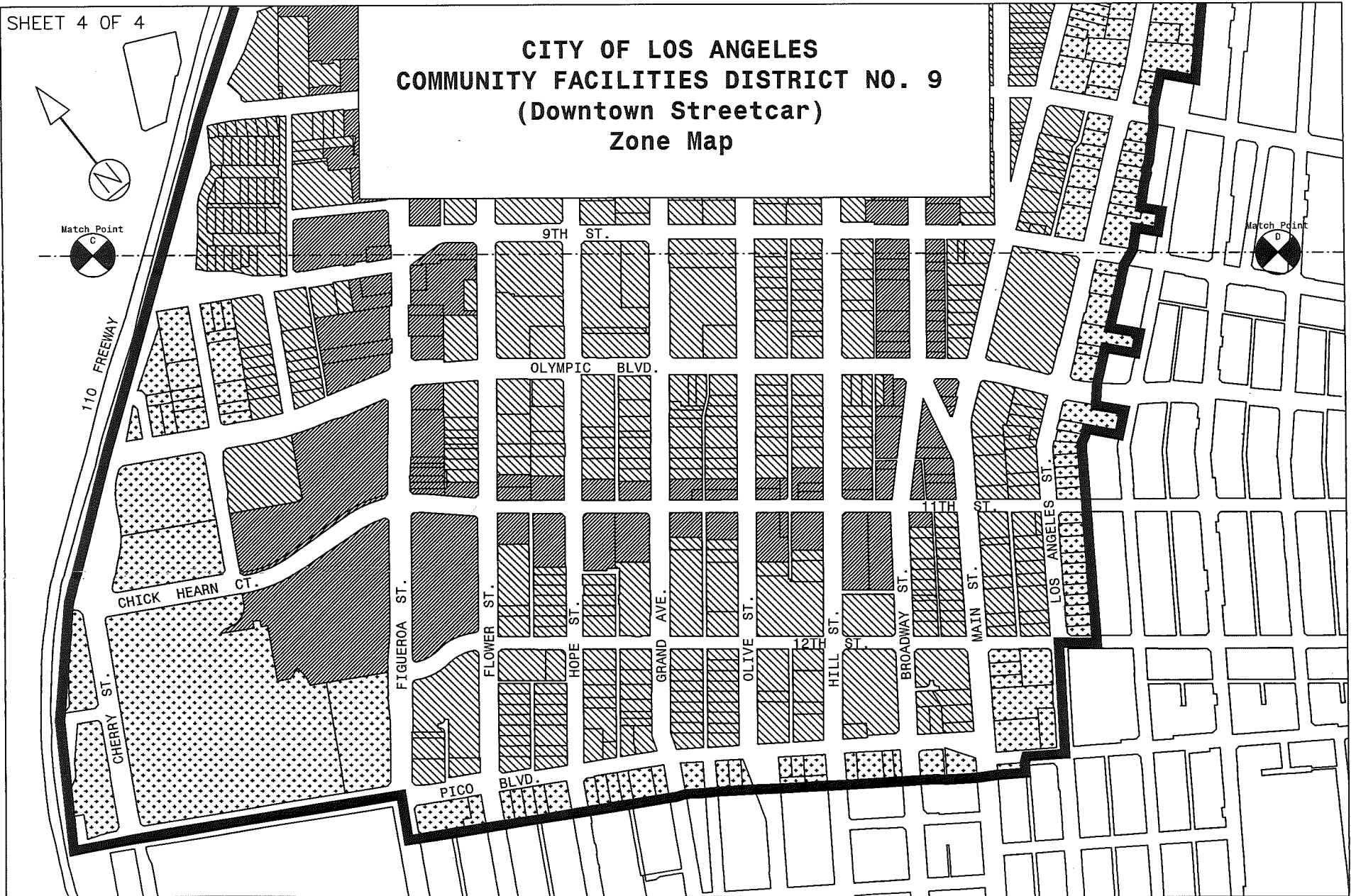
OLIVE ST.

HILL ST.

BROADWAY ST.

MAIN ST.

LOS ANGELES ST.



ATTACHMENT C

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

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 ____ day of _____, 2012, by the following vote:

AYES:

NOES:

ABSENT:

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 _____, 2012

JUNE LAGMAY, City Clerk

By: _____

Deputy City Clerk

C.F. _____

ATTACHMENT D

PROPOSED STREETCAR SYSTEM MAP

-  Locally Preferred Alternative (LPA)
-  LPA Variation
-  Service Connection
-  Red/Purple Line Station Access
-  Blue Line Station Access
-  Future Regional Connector Station Access
-  Vertical Circulation Access
-  Future Vertical Circulation Access

