

ATTACHMENT A
SUMMARY OF EXCESS BOND PROCEEDS
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ATTACHMENT A
Summary of Excess Bond Proceeds

Balances as of June 30, 2014 after ROPS 14-15A scheduled payments

	Tax-Exempt	Taxable	Total
Adelante Eastside	\$ 4,713,116.41	\$ 1,861,119.88	\$ 6,574,236.29
Beacon Street	\$ -	\$ 83,752.86	\$ 83,752.86
Broadway/Manchester	\$ -	\$ 299,421.10	\$ 299,421.10
Crenshaw/Slauson	\$ -	\$ 1,626,682.26	\$ 1,626,682.26
East Hollywood/Beverly-Normandie	\$ -	\$ 3,215,233.81	\$ 3,215,233.81
Hollywood	\$ 6,394,258.62	\$ 1,455,105.27	\$ 7,849,363.89
Hoover	\$ -	\$ 120,063.74	\$ 120,063.74
Laurel Canyon	\$ -	\$ 1,169,697.44	\$ 1,169,697.44
Little Tokyo	\$ -	\$ 1,311,640.46	\$ 1,311,640.46
Monterey Hills	\$ -	\$ 50,376.44	\$ 50,376.44
Normandie 5	\$ 277,037.43	\$ 1,132,705.58	\$ 1,409,743.01
North Hollywood	\$ 3,244,053.13	\$ -	\$ 3,244,053.13
Pacific Corridors	\$ -	\$ 32,622.16	\$ 32,622.16
Pacoima/Panorama City	\$ 15,048,351.12	\$ 2,265,632.24	\$ 17,313,983.36
Pico Union 1	\$ -	\$ 485,815.89	\$ 485,815.89
Pico Union 2	\$ -	\$ 3,739,238.00	\$ 3,739,238.00
Reseda/Canoga Park	\$ 9,582,774.79	\$ 13,733,573.18	\$ 23,316,347.97
Watts	\$ -	\$ 188,746.30	\$ 188,746.30
Western/Slauson	\$ -	\$ 123,653.75	\$ 123,653.75
Westlake	\$ -	\$ 4,566,973.72	\$ 4,566,973.72
Wilshire Center/Koreatown	\$ 1,857,954.42	\$ 7,789,574.92	\$ 9,647,529.34
TOTAL	\$ 41,117,545.92	\$ 45,251,629.00	\$ 86,369,174.92

ATTACHMENT B
BOND EXPENDITURE AGREEMENT
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ATTACHMENT B
Draft (08/21/14)

BOND EXPENDITURE AGREEMENT

This Bond Expenditure Agreement (the “Agreement”) is entered into as of _____, 2014, by and between the City of Los Angeles, a charter city (the “City”), and CRA/LA, a Designated Local Authority (“CRA/LA”), in its capacity as the successor agency to The Community Redevelopment Agency of the City of Los Angeles, California (“Former Agency”). The City and CRA/LA are at times referred to herein collectively as the “Parties,” and singularly as a “Party.”

Recitals

A. On February 1, 2012, the Former Agency dissolved pursuant to California Health and Safety Code Section 34172.

B. In accordance with California Health and Safety Code Section 34173(d)(3), CRA/LA was formed to serve as the successor agency of the Former Agency.

C. Prior to its dissolution the Former Agency issued one or more series of both tax-exempt and taxable tax allocation bonds. In addition, The Community Redevelopment Finance Authority of The Community Redevelopment Agency of the City of Los Angeles (“CRFA”) issued both tax-exempt and taxable tax allocation bonds. The proceeds of the Former Agency and CRFA bonds were provided to the Former Agency to be used for redevelopment purposes.

D. Pursuant to the bond indentures and trust agreements for the various tax allocation bond issuances, CRA/LA is required to file annual continuing disclosure statements for each bond issuance (the “Continuing Disclosures”).

E. From time to time, and to reduce debt service costs, CRA/LA has in the past and intends in the future to participate in the County of Los Angeles Bonding Refunding Program, which requires CRA/LA to affirmatively represent that bond proceeds have been used in accordance with the respective tax certificate and other bond documents (the “Refunding Representations”).

F. CRA/LA received its Finding of Completion under California Health and Safety Code Section 34179.7 from the California Department of Finance on September 10, 2013.

G. California Health and Safety Code Section 34191.4(c) allows a successor agency that has received a finding of completion to use bond proceeds from bonds issued prior to 2011 for purposes for which the bonds were sold, provides that such proceeds in excess of amounts needed to satisfy approved enforceable obligations shall be expended in a manner consistent with the original bond covenants, and further provides that such expenditures shall constitute “excess bond proceeds obligations” that shall be listed separately on the successor agency’s Recognized Obligation Payment Schedule (“ROPS”).

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H. CRA/LA has and will have so-called “excess bond proceeds,” *i.e.*, pre-2011 tax allocation bond proceeds that are not otherwise obligated for approved enforceable obligations.

I. The California Community Redevelopment Law (California Health and Safety Code Section 33000, *et seq.*) (the "Redevelopment Law") provides for a cooperative relationship between cities and their redevelopment agencies, as well as their successor agencies which have assumed the duties and obligations of the former redevelopment agencies. Under California Health and Safety Code Section 33220, a city may aid and cooperate in the planning, undertaking, construction, or operation of redevelopment projects. California Health and Safety Code Section 33220(e) specifically authorizes a city to enter into an agreement with any other public entity to further redevelopment purposes. California Health and Safety Code Section 34178 allows a successor agency and its sponsoring city to enter into agreements with the approval of the oversight board.

J. The City has requested that CRA/LA provide excess bond proceeds to the City to enable the City to use such proceeds for the redevelopment purposes for which the tax allocation bonds were sold, in a manner consistent with the bond covenants, by undertaking projects, programs and activities that were not previously funded and obligated by CRA/LA or the City prior to the enactment of the Dissolution Law. The City has adopted a spending plan (the “Bond Spending Plan”) for using such excess bond proceeds, attached to this Agreement as Schedule A, to advance the City’s community development goals while promoting fiscal and social benefits flowing to the affected taxing entities from successful development.

K. The Oversight Board, being the Oversight Board for CRA/LA, established pursuant to the California Health and Safety Code Section 34179, has determined that the expenditure of excess bond proceeds in accordance with this Agreement will benefit the affected taxing entities, because such expenditures will help eliminate physical, economic, and social burdens within the applicable project areas and promote the public peace, health, safety, and welfare through the construction of public infrastructure and community facilities, the provision of affordable housing, and business assistance essential to encouraging private investment, thereby increasing the economic vitality of the areas through increased property tax revenues, sales tax revenues, and job creation, and improving the overall quality of life for the areas’ residents. The Oversight Board has approved the execution of this Agreement and the provision of excess bond proceeds to the City for the purposes described herein.

L. In order to facilitate the use of excess bond proceeds consistent with the bond covenants, CRA/LA and the City have negotiated this Agreement authorizing the transfer of excess bond proceeds by CRA/LA to the City, and the City’s use of such proceeds consistent with applicable bond covenants, this Agreement and the Bond Spending Plan, as amended by the City from time to time. The Parties intend that this Agreement shall constitute an excess bond proceeds obligation within the meaning of California Health and Safety Code Section 34191.4(c)(2)(A) to be paid from excess bond proceeds. With Oversight Board approval, CRA/LA shall list this Agreement authorizing the transfer of excess bond proceeds, on its ROPS for January through June of 2015 (“ROPS 14-15B”) as an obligation to be funded with excess bond proceeds.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND ADEQUACY OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. RECITALS

The recitals above are an integral part of this Agreement and set forth the intentions of the Parties and the premises on which the Parties have decided to enter into this Agreement.

2. DEFINITIONS

For purposes of this Agreement, the following terms shall have the indicated meaning:

“Bond Spending Plan” is that certain plan for the expenditure of the Excess Bond Proceeds by the City, attached to this Agreement as Schedule A, as amended by the City from time to time in accordance with the provisions of this Agreement.

“Dissolution Law” means Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code, commencing with Section 34161, and other statutes governing the dissolution of redevelopment agencies and the wind-down of redevelopment activities.

“Effective Date” means the date that is later of (1) the date CRA/LA executes this Agreement and (2) the date the City executes this Agreement.

“Enforceable Obligations” means enforceable obligations, other than Excess Bond Proceeds obligations, as defined under the Dissolution Law, approved on a ROPS.

“Excess Bond Proceeds” means (1) proceeds from tax allocation bonds issued by the Former Agency or CRFA on or before December 31, 2010 (collectively, referred to herein as tax allocation bonds), (2) sale proceeds and other revenues received by the CRA/LA and generated by properties or other assets acquired and/or improved with proceeds from such tax allocation bonds, and (3) other income or revenues received by the CRA/LA which were generated from assets acquired or funded with proceeds from such tax allocation bonds, which are not needed to satisfy Enforceable Obligations and are held by the CRA/LA as of the Effective Date. Excess Bond Proceeds are listed on Schedule B to this Agreement, attached hereto and incorporated herein by reference.

3. CRA/LA’s OBLIGATIONS

CRA/LA shall have the following obligations under this Agreement:

3.1 EXCESS BOND PROCEEDS. CRA/LA shall transfer to the City, no later than January 31, 2015, Excess Bond Proceeds in the amount of Eighty Six Million Three Hundred Sixty Nine Thousand One Hundred Seventy Four Dollars and Ninety-One Cents (\$86,369,174.91) or such other amount as approved on ROPS 14-15B, pursuant to the City's written instructions given to CRA/LA in accordance with Section 4.1. The amount of Excess Bond Proceeds reflected on Schedule B is net of the CRA/LA’s costs to administer the tax

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exempt bond issuances in the amount of Three Million Four Hundred Sixty Six Thousand Six Hundred Twenty Nine Dollars and Eighty One Cents (\$3,466,629.81).

3.2 MODIFICATION OF BOND COVENANTS. In the event that following the Effective Date of this Agreement CRA/LA or CRFA modifies any of the bond covenants with respect to any of the tax allocation bonds listed on Schedule B, CRA/LA shall provide written notice to the City of such modifications in accordance with Section 8 prior to the date of effectiveness of any such modification.

4. CITY'S OBLIGATIONS

The City shall have the following obligations under this Agreement:

4.1 EXCESS BOND PROCEEDS. The City shall accept, hold, and use the Excess Bond Proceeds transferred to the City by CRA/LA in compliance with the applicable bond covenants, the provisions of this Agreement, the Bond Spending Plan and the Redevelopment Law.

Not later than January 19, 2015, the City shall, in accordance with Section 8, provide written instructions to the CRA/LA, which instructions shall designate the segregated account or accounts in which the Excess Bond Proceeds shall be deposited, together with wire or other payment instructions, the department or departments which shall administer the Excess Bond Proceeds, and the provisions of this Agreement, and the name and contract information of the person designated by the City as the contact person for CRA/LA to coordinate all matters relating to the Excess Bond Proceeds and the provisions of this Agreement.

The City may spend Excess Bond Proceeds received or retained under this Agreement for any project, program, or activity authorized under the Bond Spending Plan; provided that the City must spend Excess Bond Proceeds consistent with the bond covenants applicable to the particular Excess Bond Proceeds, including without limitation all requirements relating to maintaining the tax-exempt nature of any tax-exempt bonds, and in accordance with the applicable provisions of federal, state and local laws, including environmental laws such as the California Environmental Quality Act. The City shall be solely responsible for ensuring that Excess Bond Proceeds are maintained and spent in the Redevelopment Project Area from which the Excess Bond Proceeds are derived and in accordance with the bond covenants applicable to the particular Excess Bond Proceeds, the Redevelopment Law and other applicable laws. The City represents that it has reviewed the closing transcript for each of the tax-exempt tax allocation bond issues listed on Schedule B to this Agreement and is aware of the covenants restricting the use of each respective bond issue. The City shall not take nor allow any recipient of the Excess Bond Proceeds to take any action that results in the inclusion in gross income from federal or State of California income tax purposes of the interest on the Excess Bond Proceeds derived from the tax-exempt bond issuances. The City shall diligently carry out and continue to completion, with all practicable dispatch, the work required for each project, program and activity authorized under the Bond Spending Plan, in a sound and economical manner. Subject to the covenants herein, the City shall have the sole responsibility with respect to the planning, design, specification, and implementation with respect to all components of the projects, programs and activities to be funded by the City with Excess Bond Proceeds. The City shall

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disburse or encumber one hundred percent (100%) of the Excess Bond Proceeds for eligible projects, programs or activities within five (5) years following the Effective Date of this Agreement. Excess Bond Proceeds shall be deemed encumbered if committed pursuant to a duly executed contract for expenditure for eligible projects, programs, or activities. All Excess Bond Proceeds shall be disbursed within ten (10) years following the Effective Date of this Agreement, or such sooner time as required by the applicable bond covenants. Any Excess Bond Proceeds that are not disbursed within the ten (10) year period described in the previous sentence shall be returned to CRA/LA within thirty (30) days following the end of such ten (10) year period.

4.2 BOND SPENDING PLAN. The City shall be solely responsible for maintaining and implementing the Bond Spending Plan. The City may transfer funds between approved projects, programs, and activities as long as the transfer is within the Redevelopment Project Area from which the Excess Bond Proceeds are derived.

The City may without further authorization amend the Bond Spending Plan as the City deems necessary in its sole discretion to delete, modify, or add additional projects, programs and activities; provided that the City must spend Excess Bond Proceeds consistent with the bond covenants applicable to the particular Excess Bond Proceeds and the terms of this Agreement, and provided further that any amendments to the Bond Spending Plan will consider uses that advance the City's community development goals while promoting fiscal and social benefits flowing to the affected taxing entities as described in Recital K. hereof.

4.3 REPORTING REQUIREMENTS. The City shall provide quarterly accounting of the use of Excess Bond Proceeds to CRA/LA substantially in form attached as Schedule C. Upon CRA/LA request, the City shall provide CRA/LA with information reasonably required by CRA/LA to meet its Continuing Disclosure Requirements and to allow CRA/LA to make the necessary Refunding Representations. Upon ten (10) business days' written notice, the City shall provide access to all City records relating to the use of Excess Bond Proceeds in a reasonable form to allow CRA/LA to audit the City's use of the Excess Bond Proceeds. The City shall provide such other information related to the use of the Excess Bond Proceeds as reasonably requested from time to time by CRA/LA.

5. INDEMNIFICATION

The City shall be responsible for, and shall indemnify, and hold CRA/LA, its Governing Board, the Oversight Board, their officers, employees, and agents, harmless from, all claims, liabilities, obligations, costs and expenses of every kind and nature whatsoever that CRA/LA may suffer or incur and that arise from or are related, directly or indirectly, to conditions, actions, inactions or events related to the transfer to and/or use of the Excess Bond Proceeds by the City and recipients of the Excess Bond Proceeds from the City which first arise following the date the Excess Bond Proceeds are transferred to the City, including without limitation, any liability CRA/LA may incur as a result of any Excess Bond Proceeds that derive from a tax-exempt issuance losing its tax-exempt status due to the action or inaction of the City or the recipients of Excess Bond Proceeds from the City. The provisions of this Section 5 shall survive the termination of this Agreement.

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6. ENTIRE AGREEMENT; WAIVERS AND AMENDMENTS; NO THIRD PARTY BENEFICIARIES

6.1 This Agreement constitutes the entire understanding and agreement of the Parties with respect to the transfer and use of Excess Bond Proceeds. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to the subject matter of this Agreement.

6.2 This Agreement is intended solely for the benefit of the City and CRA/LA. Notwithstanding any reference in this Agreement to persons or entities other than the City and CRA/LA, there shall be no third party beneficiaries under this Agreement.

6.3 All waivers of the provisions of this Agreement and all amendments to this Agreement must be in writing and signed by the authorized representatives of the Parties.

7. GOVERNING LAW

This Agreement shall be interpreted under and be governed by the local laws of the State of California.

8. NOTICES

Any notice, request, direction, demand, consent, waiver, approval or other communication required or permitted to be given under this Agreement shall be given in writing and shall be delivered (i) in person, (ii) by certified mail, postage prepaid, return receipt requested, (iii) by facsimile, or (iv) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and addressed to the Parties at the addresses provided below, or at such other address as either Party may hereafter notify the other in writing. Service of any such notice or other communications so made shall be deemed effective on the day of actual delivery (whether accepted or refused) as evidenced by confirmed answerback if by facsimile (provided that if any notice or other communication to be delivered by facsimile is unable to be transmitted because of a problem affecting the receiving Party's facsimile machine, the deadline for receiving such notice or other communication shall be extended through the next business day), as shown by the addressee's return receipt if by certified mail, and as confirmed by the courier service if by courier; provided, however, that if such actual delivery occurs after 5:00 p.m. (local time where received) or on a non-business day, then such notice or demand so made shall be deemed effective on the first business day following the day of actual delivery. No communications via electronic mail shall be effective to give any notice, request, direction, demand, consent, waiver, approval or other communications hereunder. Notices shall be addressed as follows:

CRA/LA: CRA/LA, a Designated Local Authority
448 South Hill Street, 12th Floor
Los Angeles, CA 90013
Attn: Chief Executive Officer
Phone No.: (213) 977-1600
Fax No.: (213) 617-8053

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With a copy to: CRA/LA, a Designated Local Authority
448 South Hill Street, 12th Floor
Los Angeles, CA 90013
Attn: Thomas Webber
Phone No.: (213) 977-1600
Fax No.: (213) 617-8199

CITY: City of Los Angeles
200 North Spring Street
Los Angeles, CA 90012
Attn: Deputy Mayor, Economic Development
Phone No.: (213) 473-9756
Fax No.: (213) 978-0780

With a copy to: City of Los Angeles
200 North Main Street, 15th Floor
Los Angeles, CA 90012
Attn: City Administrative Officer
Phone No.: (213) 473-7534
Fax No.: (213) 473-7510

With a copy to: City of Los Angeles
200 North Spring Street, Rm. 255
Los Angeles, CA 90012
Attn: Chief Legislative Analyst
Phone No.: (213) 473-5709
Fax No.: (213) 485-8983

With a copy to: Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, CA 90071
Attn: Robin Harris
Phone No.: (213) 626-8484
Fax No.: (213) 626-0078

9. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that such counterparts shall together constitute one and the same instrument.

10. TIME IS OF THE ESSENCE

Time is of the essence in the performance of the terms and provisions of this Agreement.