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**File No. 14-1416-S1**

ARTS, ENTERTAINMENT, PARKS AND RIVER COMMITTEE REPORT relative to negotiating and executing a Subordination Agreement and related documents for two Proposition K Grant Agreements for the Pico Union Housing Corporation's (PUHC) Outdoor Basketball Court Project located at 1038 Venice Boulevard.

Recommendations for Council action:

1. APPROVE the PUHC's request that the City subordinate the City's Deed of Trust and Assignment of Rents, as amended, relating to the Promissory Notes for each of the following:
  - a. Proposition K Grant Agreement No. C-119014 for the PUHC - Outdoor Basketball Court Project.
  - b. Proposition K Grant Agreement No. C-119025 for the PUHC - Outdoor Basketball Court Lighting Project.
  
2. AUTHORIZE the City Engineer to negotiate and execute a Subordination Agreement, and related document(s), for each of the above-reference Proposition K Grant Agreements, to effectuate the subordination, subject to:
  - a. PUHC executing and recording an Amended Deed of Trust and Assignment of Rents for each of the two Grant Agreements, to include all of the parcels that comprise PUHC's headquarters located at 1038 Venice Boulevard, Los Angeles, CA 90015.
  - b. Review and approval of the Subordination Agreements and related documents by the City Attorney.

Fiscal Impact Statement: The L.A. for Kids Steering Committee reports that there is no immediate impact on the General Fund as a result of the recommended actions.

Community Impact Statement: None submitted.

**SUMMARY**

At the meeting held on February 14, 2018, your Arts, Entertainment, Parks and River Committee considered a LAFKSC report relative to negotiating and executing a Subordination Agreement and related documents for two Proposition K Grant Agreements for the PUHC's Outdoor Basketball Court Project located at 1038 Venice Blvd.

The LAFKSC reports that adoption of the report recommendations would authorize the City Engineer to negotiate and execute a Subordination Agreement and related documents for Proposition K Grant Agreement Nos. C-119014 and C-119025. PUFIC was approved for a loan from California Bank and Trust (Bank) in the amount of \$3.3 million which will be used to pay off the \$2.9 million balance on a loan from the former owner of the property where PUHC's corporate office is located at 1038 Venice Boulevard. This is also where the Proposition K funded basketball court and lighting projects are located.

The remaining balance of \$390,275 from the new loan will be used to support PUHC's social/educational programs and organizational costs. In order to secure the loan, the Bank is requiring that its deed of trust securing its loan be in first position. By subordinating its interest, the City will facilitate PUHC obtaining the new loan, ensure that the former property owner does not foreclose on the existing loan, and will enable PUHC to continue to provide the recreational services and maintenance of the basketball court and lighting for the benefit of youth in a high-need neighborhood. The execution of a Subordination Agreement and related documents is subject to PUHC executing and recording an Amended Deed of Trust and Assignment of Rents for each of the two Grant Agreements to include all of the parcels that comprise PUHC's headquarters as well as review and approval by the City Attorney.

After an opportunity for public comment was held, the Committee moved to approve the recommendations presented in the LAFKSC transmittal, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ARTS, ENTERTAINMENT, PARKS AND RIVER COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
O'FARRELL:	YES
RYU:	YES
PRICE:	YES

ME

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**