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Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

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"To Enrich Lives Through Effective And Caring Service"

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November 19, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

10 November 19, 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES REQUEST FOR
SUBORDINATION OF PASS-THROUGH PAYMENTS TO COUNTY TAXING ENTITIES ON THE
ADELANTE EASTSIDE REDEVELOPMENT PROJECT AND THE HOLLYWOOD
REDEVELOPMENT PROJECT
(FIRST AND THIRD DISTRICTS)
(3 VOTES)**

SUBJECT

This is a joint recommendation with the Director of Public Works and the Fire Chief to approve a Resolution to subordinate the County of Los Angeles', the Fire District's, and the Flood Control District's right to receive pass-through payments from the successor to the Community Redevelopment Agency/City of Los Angeles (CRA/LA), a Designated Local Authority (Successor Agency), to the Successor Agency's: Series E refunding bond issue (Series E Bonds) for the Adelante Eastside Redevelopment Project (Adelante Eastside Project); and the Series G and Series H refunding bond issues (Series G and Series H Bonds) for the Hollywood Redevelopment Project (Hollywood Project).

IT IS RECOMMENDED THAT THE BOARD:

Approve a Resolution subordinating the County of Los Angeles', Flood Control District's, and Fire District's right to receive pass through payments from the Successor Agency which would otherwise be received from the Adelante Eastside Project to the Successor Agency's Series E Bonds, and subordinating pass-through payments which would otherwise be received from the Hollywood Project to the Successor Agency's Series G and H Bonds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Projects were adopted by the City Council of the City of Los Angeles by the following ordinances and dates:

Adelante Eastside Project March 30, 1999
Hollywood Project May 7, 1986

For the Adelante Eastside Project, the Successor Agency is preparing to refinance its Series A bonds for the purpose of providing savings to the Successor Agency and the taxing entities, through issuance of Series E Bonds. For the Hollywood Project, the Successor Agency is preparing to refinance a portion of Series C and Series D bonds for the purpose of providing savings to the Successor Agency and the taxing entities, through issuance of Series G and Series H Bonds. These refinancings are part of the County of Los Angeles Redevelopment Bond Refunding Program. The subordinations are required by law on a timely Successor Agency request and showing that sufficient funds to pay both debt service and pass through payments to affected taxing agencies will be available when payments are due. The Successor Agency submitted its subordination requests to the County on October 9, 2013.

Implementation of Strategic Plan Goals

This action supports Goal 2, Fiscal Sustainability, of the County Strategic Plan to strengthen the County's fiscal capacity.

FISCAL IMPACT/FINANCING

Health and Safety Code Section 34177.5(a) authorizes successor agencies to refund outstanding bonds to provide savings to the successor agency. The savings generated by refunding bonds may result in availability of additional funds to the taxing entities, including the County. The Adelante Eastside Series E Bonds are expected to produce a total net present value savings of approximately \$922,870 over the remaining life of the bonds, and the Hollywood Series G and Series H Bonds are expected to produce a total net present value savings of approximately \$1.4 million. The County may disapprove a request for subordination only if it finds, based on substantial evidence, that the Successor Agency will not be able to pay both the debt service payments and the pass-through payments to the Taxing Entities. Successor Agency's tax increment projections, reviewed by Chief Executive Office staff, indicate that there will be sufficient coverage to satisfy the debt service payments and the required pass-through payments to the Taxing Entities in both the Adelante Eastside Project and the Hollywood Project.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Section 34177.5 (c) provides: "If the affected taxing entity does not act within 45 days after receipt of the agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive." Failure to act within 45 days after receipt of the Successor Agency's requests (in this case, November 23, 2013) constitutes County approval of the Successor Agency's request to subordinate to the bonds. County Counsel indicates that approving subordination by express resolution is preferable to failing to take action within 45 days.

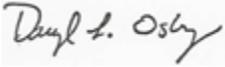
IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no known impact on current services and programs as a result of this action.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer



DARYL L. OSBY
FIRE CHIEF, FORESTER & FIRE WARDEN

WTF:SHK
FC:RM:ib

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller



GAIL FARBER
Director

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES TO SUBORDINATE THE COUNTY TAXING ENTITIES' RIGHT TO RECEIVE
PASS-THROUGH PAYMENTS TO THE SUCCESSOR AGENCY OF THE CITY OF LOS
ANGELES ADELANTE EASTSIDE AND HOLLYWOOD PROJECTS**

WHEREAS, the City Council of the City of Los Angeles on March 30, 1999 adopted Ordinance No. 172514, a Redevelopment Plan for the Adelante Eastside Redevelopment Project (the "Adelante Eastside Project"); and

WHEREAS, the City Council of the City of Los Angeles on May 7, 1986 adopted Ordinance No. 161202, a Redevelopment Plan for the Hollywood Redevelopment Project (the "Hollywood Project"); and

WHEREAS, Health & Safety Code Section 34177.5(a)(1) authorizes a successor to a former redevelopment agency dissolved by Assembly Bill No. 26 ("AB X1 26") to refund the bonds of the former redevelopment agency for the purpose of generating savings to the successor agency, and Section 34177.5(c) provides that prior to incurring any bonds, the successor agency may subordinate to the bonds the amount required to be paid to an affected taxing entity pursuant to Section 34183(a)(1), provided that the taxing entity approves the subordination; and

WHEREAS, the CRA/LA, a Designated Local Authority (the "Successor Agency") on October 9, 2013 by letter advised its intention to refinance the Adelante Eastside Project Tax Allocation Bonds, Series A by issuance of Series E Bonds (the "Series E Bonds") payable from and secured by a pledge of certain Adelante Eastside Project tax increment revenues, and requested of the County of Los Angeles (the "County"), the Los Angeles County Consolidated Fire Protection District ("the Fire District") and the Los Angeles County Flood Control District ("the Flood Control District") that any and all payments which the County, the Fire District, and the Flood Control District are entitled to receive pursuant to Health & Safety Code Section 34183(a)(1) ("Section 34183(a)(1)") from the Adelante Eastside Project be subordinated to the Agency's payments of principal and interest on the Series E Bonds; and

WHEREAS, the Successor Agency on October 9, 2013 by letter advised its intention to refinance a portion of the Hollywood Project Tax Allocation Bonds, Series C and all outstanding Hollywood Project Tax Allocation Bonds, Series D by issuance of Series G and Series H Bonds (the "Series G and Series H Bonds") payable from and secured by a pledge of certain Hollywood Project tax increment revenues, and requested of the County, the Fire District, and the Flood Control District that any and all payments which the County, the Fire District, and the Flood Control District are entitled to receive pursuant to Section 34183(a)(1) from the Hollywood Project be subordinated to the Agency's payments of principal and interest on the Series G and Series H Bonds; and

Subordinate the County's Right to Receive
Pass-Through Payments to the Community
Redevelopment Agency of the City of Los Angeles
Adelante Eastside and Hollywood Projects
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WHEREAS, the requested subordination does not lessen or eliminate the Successor Agency's obligation to make the required payments to the County, the Fire District, and the Flood Control District under Section 33607.5 and is intended to permit the Successor Agency to obtain a higher credit rating on its bonds and thus lower the Successor Agency's financing costs; and

WHEREAS, Section 34177.5(c) provides that at the time the successor agency requests an affected taxing entity to subordinate the amount to be paid to it, the successor agency must provide substantial evidence that sufficient funds will be available to pay both the debt service and the required payments to the taxing entity, that the taxing entity must approve or disapprove the request for subordination within 45 days after the receipt of a letter requesting subordination, and that the taxing entity may disapprove the request only if it finds, based upon substantial evidence, that the successor agency will not be able to pay the debt payments and the amount required to be paid to the taxing entity under Section 34183(a)(1); and

WHEREAS, the Successor Agency has presented evidence demonstrating its ability to make the required payments to the County, the Fire District, and the Flood Control District after payment of debt service on the Adelante Eastside Project Series E Bonds and Hollywood Project Series G and Series H Bonds.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Los Angeles that:

The County, the Fire District, and the Flood Control District hereby agree that so long as the Adelante Eastside Project Series E Bonds and Hollywood Project Series G and Series H Bonds remain outstanding, any and all payments which the County, the Fire District, and the Flood Control District are entitled to receive from the Adelante Eastside Project and Hollywood Project pursuant to Section 34183(a)(1) shall be and shall remain subordinate to the payments pledged from the Adelante Eastside Project to pay the principal of and interest on the Series E Bonds, and the Hollywood Project to pay the principal of and interest on the Series G and Series H Bonds.

Subordinate the County's Right to Receive
Pass-Through Payments to the Community
Redevelopment Agency of the City of Los Angeles
Adelante Eastside and Hollywood Projects
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The foregoing resolution was on the 19th day of November 2013, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies, and authorities for which the Board so acts.



SACHI A. HAMAI
Executive Officer Board of
Supervisors of the County of Los Angeles

By *Sachelle Amitherman*
DEPUTY

APPROVED AS TO FORM

JOHN F. KRATTLI
County Counsel

By *J. Coates*
Shahiedah Coates
Senior Associate County Counsel