WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

"To Enrich Lives Through Effective And Caring Service"

Board of Supervisors
GLORIA MOLINA
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MARK RIDLEY-THOMAS
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December 17, 2013

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

20 December 17, 2013

SACHI A. HAMAI
EXECUTIVE OFFICER

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:

COMPENSATION AGREEMENT WITH THE SUCCESSOR AGENCY TO THE GLENDALE REDEVELOPMENT AGENCY (FIFTH DISTRICT) (3 VOTES)

SUBJECT

Recommendation to approve a Compensation Agreement with the Successor Agency to the Glendale Redevelopment Agency for a mixed-use development project located within the Central Glendale Redevelopment Project Area and provide payments to the taxing entities.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve a Compensation Agreement with the Successor Agency to the Glendale Redevelopment Agency for a mixed-use project in the Central Glendale Redevelopment Project Area in accordance with Dissolution Law and instructions from the California Department of Finance.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The former Glendale Redevelopment Agency (Agency) began working with a developer in 2010 to realize the plans for a proposed redevelopment project, and in March 2011 (prior to the dissolution of redevelopment by the State of California), the Agency entered into a Disposition and Development Agreement (DDA) with the developer. The proposed project, when completed, will represent the northern anchor for the City's Art & Entertainment District. The project includes a 5-screen Laemmle Theatre, 42 apartment units, and ground floor retail spaces. The site of the project currently includes a one-story commercial structure owned by the Agency, and a City-owned surface parking lot.

The DDA included ownership conveyance of the Agency-owned parcel at no cost, and a contribution of $1.5 million towards site preparation and project fees. The City would also convey its surface parking lot to the developer. On June 28, 2011, the Governor signed into law ABx1 26 which

dissolved redevelopment agencies (RDAs), and after a California Supreme Court ruling, all RDAs in California were dissolved on February 1, 2012. It was determined after the dissolution date that an amendment to the DDA was required in order to add subterranean parking to the project.

The addition of parking added $2.2 million to the cost of the project, and the DDA was proposed to be amended to split the cost between the developer and the Agency. The State's Department of Finance (DOF) initially ruled that the Agency could not amend the original DDA post-dissolution. Subsequently, the amended DDA was approved by the Successor Agency and the Oversight Board. The DOF provided conditional approval, subject to the Successor Agency entering into tax sharing agreements with all affected taxing entities. The Successor Agency is seeking County approval, and will then approach the other taxing entities.

FISCAL IMPACT/FINANCING

In order to determine the amount of compensation, a comparison is made between the amount of revenue the County may realize from disposition of the property, versus additional property tax that could be generated through the development of the property.

The current value of the parcel is estimated at $1.033 million. In addition, $2.6 million has been set aside for the development of the project site. Thus if the property is sold, $3.633 million would qualify for redistribution to the taxing entities, and the County General Fund would receive approximately 36 percent, or $1,312,137, from the disposition.

That amount is then compared to the net present value of the County share of future property taxes generated from the completed project. The County General Fund share of total estimated property taxes generated by the project over the next 30-years is $2,067,916, or $956,494 in current dollars (net present value computed using an annual discount rate of five percent). Thus the difference between property disposition and property development in terms of County revenue, is $355,643. In order to compensate for this difference and keep the County's share whole, the City will submit $355,643 to the County General Fund. The City will submit additional amounts to the other affected taxing entities consistent with Exhibit D of the Compensation Agreement.

Therefore, the taxing entities will not be harmed financially, and the completed project will provide benefits to the region such as housing close to an employment center (downtown Glendale), 75 full-time jobs during the 18-month construction period, and 30 permanent jobs upon completion.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

According to Dissolution Law, the Successor Agency is required to dispose of all Agency-owned property, and distribute the proceeds to the taxing entities. An exception is made if the Agency wishes to transfer the property to the City for future development. In that case a compensation agreement with the taxing entities is required. According to the DOF, "If the LRPMP proposes to sell or transfer the property to the city or county that created the RDA, then HSC section 34180 (f) requires that the Successor Agency reach a compensation agreement with the affected taxing entities."

IMPACT ON CURRENT SERVICES (OR PROJECTS)

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

CONCLUSION

At such time as your Board approves the attached Compensation Agreement, please return the original copy to the Chief Executive Office, who will assist the City in gathering signatures of the other taxing entities.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SHK
FC:RM:ib

Enclosures

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

ENFORCEABLE OBLIGATION IMPLEMENTATION AND TAX ENTITY COMPENSATION AGREEMENT (CITY OF GLENDALE, GLENDALE SUCCESSOR AGENCY TO THE GLENDALE REDEVELOPMENT AGENCY AND COUNTY OF LOS ANGELES AND TAXING ENTITIES IN CONNECTION WITH LAEMMLE AGREEMENT)

THIS ENFORCEABLE OBLIGATION IMPLEMENTATION AGREEMENT (the "Agreement") is entered into as of _____ __, 2013 (the "Date of Agreement"), by and among the CITY OF GLENDALE, a municipal corporation ("CITY"), the GLENDALE SUCCESSOR AGENCY TO THE GLENDALE REDEVELOPMENT AGENCY ("SUCCESSOR AGENCY"), the COUNTY OF LOS ANGELES, a political subdivision of the State of California ("COUNTY"), and each of the undersigned local agencies and school districts, each a taxing entity as defined by Health and Safety Code section 34171(k) (together with the County, the "Taxing Entities" or "each Taxing Entity"). The City, Successor Agency, and Taxing Entities are collectively the "Parties" and each a "Party."

RECITALS

A. The City previously activated a redevelopment agency operating within the corporate boundaries of the City and known as the Glendale Redevelopment Agency (the "Redevelopment Agency"). The Redevelopment Agency was formerly existing and operating pursuant to the provisions of the California Community Redevelopment Law (California Health and Safety Code Section 33000, et seq.).

B. In the course of the conduct of its operations, the Redevelopment Agency, acting through its governing board, approved an agreement, entitled "Disposition and Development Agreement" (the "Original DDA") with Wilson/Maryland Mixed Use, LLC, a California limited liability company dba Laemmle Lofts (the "Developer"). The Original DDA provided, in part, for the Redevelopment Agency to convey certain land commonly referred to as Parcel A (the "Original DDA Parcel") to the Developer and for the Redevelopment Agency to provide funding, as delineated in the Original DDA, for the benefit of the Developer. The Developer was to implement a defined scope of development, referred to for convenience as the "Project." The governing board of the Redevelopment Agency and the City Council of the City of Glendale approved the Original DDA following a duly-noticed joint public hearing.

C. During June of 2011, the Governor signed two measures, Assembly Bill ABx1 26 (the "2011 Dissolution Act") and ABx1 27 (the "2011 Voluntary Redevelopment Act"). The adoption of the 2011 Dissolution Act as well as the 2011 Voluntary Redevelopment Act became the subject of a challenge in a case commonly known as *California Redevelopment Association v. Matosantos* (the "Matosantos Case"). Uncertainties associated with the outcome of the *Matosantos* Case impacted efforts of the parties to the Original DDA to implement such Original DDA. In December of 2011, the California Supreme Court issued in its decision in the *Matosantos* Case (the "*Matosantos* Decision"), upholding the 2011 Dissolution Act and striking down the 2011 Voluntary Redevelopment Act. Under the 2011 Dissolution Act, as construed by the *Matosantos* Decision, all redevelopment agencies in the State of California, including the Redevelopment Agency, were dissolved effective February 1, 2012.

D. Following the dissolution of the Redevelopment Agency, the City elected to serve as the successor agency to the Redevelopment Agency (in such capacity, the Successor Agency, as noted above).

E. During 2012, the California Legislature approved AB 1484, Chapter 26 of Statutes of 2012 ("AB 1484" and, together with the 2011 Dissolution Act, the "Dissolution Act").

F. In November 2011 (thus after the approval by the Governor of the 2011 Dissolution Act) the Glendale Redevelopment Agency approved an Amended and Restated DDA ("A&R DDA") that modified the Project in order to add on-site underground parking and preserve the financial viability of the Project (the "Modified Project"), however, the effectiveness of the A&R DDA was contingent upon the outcome of the *Matosantos* Case in favor of preserving redevelopment from dissolution. Due to the outcome of the *Matosantos* Case the A&R DDA was void by its own terms and the Original DDA remained a recognized enforceable obligation for the Project for purposes of the Dissolution Act.

G. Pursuant to H&SC section 34181(e), an oversight board shall direct a successor agency to "[d]etermine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the oversight board for its approval. The [oversight] board may approve any amendments to or early termination of those agreements if it finds that amendments or early termination would be in the best interests of the taxing entities." Accordingly, on May 3, 2012, the Successor Agency requested approval from the Oversight Board to the Successor Agency ("Oversight Board") to renegotiate certain existing agreements, including the Original DDA.

H. On August 22, 2012, the Successor Agency received approval by the Oversight Board of a resolution directing the Successor Agency to renegotiate the Original DDA to accommodate the Modified Project, and the DOF approved the renegotiation on February 25, 2013. The Modified Project reflected in the A&R DDA was placed on the Recognized Obligation Payment Schedule Number 3 ("ROPS 3") pending approval of this Agreement in compliance with H&SC section 34181(e) for the benefit of the taxing entities. The Modified Project was approved on ROPS 3 by the DOF on December 27, 2012.

I. The Modified Project consists of Successor Agency owned property known as Parcel A and City owned property known as Parcel B, both shown on Exhibit "A" attached hereto and located within a redevelopment project area previously designated by the City known as the Central Glendale Redevelopment Project Area (the "Project Area"). The redevelopment plan for the Project Area (the "Redevelopment Plan", as defined below) provided for the allocation to the Redevelopment Agency of property tax revenues derived from property located within the Project Area pursuant to California Health and Safety Code Section 33670(b) ("Tax Increment").

J. In consideration for the Modified Project as reflected in the A&R DDA and agreements by the Taxing Entities as set forth in this Agreement, which will provide funding on a temporary basis to implement the Development, the City is prepared to convey to the Successor Agency for conveyance to the Developer, Parcel B and make the City Payments so that the net revenues to the Taxing Entities, including the City, are increased by virtue of the Modified Project and each Taxing Entity receives no less than what would have otherwise been distributed if not for the Modified Project.

K. The City acquired Parcel B from an entity other than the Redevelopment Agency; no Redevelopment Agency funds were used in connection with the acquisition of Parcel B by the City. As set forth in the A&R DDA, and findings made by the Glendale Oversight Board, the inclusion of Parcel B in properties conveyed to the Developer will allow the Modified Project to occur.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, the parties agree as follows:

1. Transfer of Parcel B. The City shall convey, and the Successor Agency shall accept, Parcel B for the sole purpose of implementing the Modified Project, and ultimately disposing of Parcel B and Parcel A to the Developer pursuant to the terms of the A&R DDA. The conveyance shall occur by deed. The Taxing Entities waive receipt of their respective shares of the value of Parcel B upon the transfer to the Successor Agency. It is understood by all Parties that the conveyance of Parcel B is a condition precedent to the payment terms set forth below, and that if the Oversight Board or DOF fails to approve the transfer of Parcel B, or the transfer of Parcel B as set forth herein is otherwise unauthorized or invalidated, this Agreement shall be deemed void and performance by the Parties of their respective duties herein shall be deemed excused. The cost of escrow and title associated with the disposition of Parcel B will be addressed by the City and/or the Developer and is a matter with which the County and the other Taxing Entities need not be concerned.

2. Additional Funds for Modified Project. In connection with carrying out the execution of the Modified Project, the City and Developer have proposed and the Parties agree that implementation of the Modified Project will be materially furthered by the Successor Agency's ability to use Reserve Balance funds in the amount of One Million, One Hundred Thousand Dollars ($1,100,000) above the previously estimated project cost, which amount is part of Two Million, Six Hundred Thousand Dollars ($2,600,000) previously approved for retention as part of the Agency's DDR by DOF and listed and approved for expenditure on ROPS III, as Item 14 and ROPS 13/14 B as Item 14, also approved by DOF.

3. Payment of Section 34181(e) Increased Net Revenues to the Taxing Entities. The City Payments, as hereinafter defined, shall be paid to the Taxing Entities within 180 days after completion of the Modified Project as evidenced by the earlier to occur of (i) issuance of a Certificate of Completion for the Modified Project or (ii) recognition by the County Assessor of the assessed value of the Modified Project (the "Payment Due Date"). The City agrees to appropriate and hold in a segregated account sufficient moneys to make payments required pursuant to this Agreement until the Payment Due Date, at which time the payments due shall be transferred to the Auditor-Controller for distribution to the County and other Taxing Entities. Upon the Payment Due Date, the City shall disburse to the Auditor-Controller, for distribution, within thirty (30) days of receipt the total amount of Seven Hundred Twenty-Eight Thousand, Forty-Three Dollars ($728,043) allocated to each Taxing Entity in the amounts set forth in Exhibit B and incorporated herein by reference ("City Payment"). Although the City is a taxing entity as defined in Section 34171(k) of the Health and Safety Code, the City shall not receive a payment under this Agreement. In the event payment is not made on the Payment Due Date, the outstanding amount shall bear simple interest at the rate charged from time to time by the Local Agency Investment Fund. The obligation of the City to make payments is subject to satisfaction of the conditions set forth in Section 4 hereof. The City Payment represents numbers derived by the City and the County based upon estimates of the present value of revenue streams which may result from the Modified Project; such amounts shall be deemed to control without regard to whether revenue streams are derived from the Modified Project in any amount.

4. Conditions Precedent and Term. The obligations of the Parties to perform under this Agreement shall be void and excused upon the occurrence of any one or more of the following: (i) the Oversight Board fails to approve the A&R DDA; (ii) the DOF fails to approve the A&R DDA; (iii) the Oversight Board fails to approve this Agreement; (iv) the DOF fails to approve the amount of the City Payment set forth in this Agreement; or (iv) the transfer of Parcel B from the City to the Successor Agency is not approved or is subsequently reversed under any provision of the Dissolution Law. The Agreement shall terminate upon the County's and each Taxing Entity's receipt of the one-time payment set forth in this Agreement.

5. Severability. With the exception of the conditions precedent provisions set forth immediately above, in the event any section or portion of this Agreement shall be held, found or determined to be unenforceable or invalid for any reason whatsoever, the remaining provisions shall remain in effect, and the Parties thereto shall take further actions as may be reasonably necessary and available to them to effectuate the intent of the Parties as to all provisions set forth in this Agreement.

6. Notices. Written notices, demands and communications between the Parties shall be sufficiently given if delivered by hand, sent by telecopy or overnight delivery service, or dispatched by registered or certified mail, postage prepaid, return receipt requested, to the addresses specified below:

To City:

City of Glendale
613 E. Broadway, Suite 200
Glendale, California 91206-4387
Attention: City Manager

To Successor Agency:

Glendale Successor Agency
633 E. Broadway, Suite 201
Glendale, California 91206-4387
Attention: City Manager

To County:

County of Los Angeles
Kenneth Hahn Hall of Administration
500 W. Temple Street, Room 713
Los Angeles, CA 90012
Attention: Chief Executive Officer

To Taxing Entities:

To the addresses set forth in Exhibit C.

All notices and communications sent to the parties shall be deemed to have been received three (3) days after the notice or communication has been deposited in the U.S. Mail, and the next business day after the notice or communication has been delivered by hand or sent by telecopy or overnight delivery service.

7. Nonliability of Officials and Employees of Parties. No member, official or employee of the Parties hereto shall be personally liable to any other party, or any successor in interest, in the event of any default or breach of this Agreement or for any amount which may become due hereunder, or on any obligations under the terms of this Agreement.

8. Entire Agreement. This Agreement constitutes the entire understanding and agreement of the Parties, 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 all of any part of the subject matter hereof.

9. Waivers and Amendments. All waivers of the provisions of this Agreement shall be in writing and executed by the appropriate authorities of the Parties, and any amendment, modification, or termination hereto shall be in writing and effective only upon written agreement of all of the Parties.

10. Governing Law. This Agreement shall be construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year first above written.

COUNTY OF LOS ANGELES, a political subdivision of the State of California

By:_____
Its:

"COUNTY"

LOS ANGELES COUNTY GENERAL FUND

By:_____
Its:_____

LOS ANGELES COUNTY ACCUM. CAP. OUTLAY

By:_____
Its:_____

LOS ANGELES COUNTY FIRE - FFW

By:_____
Its:_____

LOS ANGELES COUNTY FLOOD CONTROL
IMP. DIST. MAINTENANCE

By:_____
Its:_____

LOS ANGELES COUNTY FLOOD CONTROL
MAINTENANCE

By:_____
Its:_____

GREATER LOS ANGELES COUNTY VECTOR
CONTROL

By:_____
Its:_____

COUNTY SCHOOL SERIVICES

By:_____
Its:_____

CHILDREN'S INSTIL. TUITION FUND

By:_____
Its:_____

GLENDALE COMMUNITY COLLEGE DISTRIST

By:_____
Its:_____

GLENDALE UNIFIED SCHOOL DISTRICT

By:_____
Its:_____

CO. SCH. SERV. FD. – GLENDALE

By:_____
Its:_____

DEV. CTR. HDCPD. MINOR - GLENDALE

By:_____
Its:_____

GLENDALE UNIF. CHILDREN'S CTR. FD.

By:_____
Its:_____

"TAXING ENTITIES"

CITY OF GLENDALE, a municipal corporation

By:_____
Scott Ochoa, City Manager

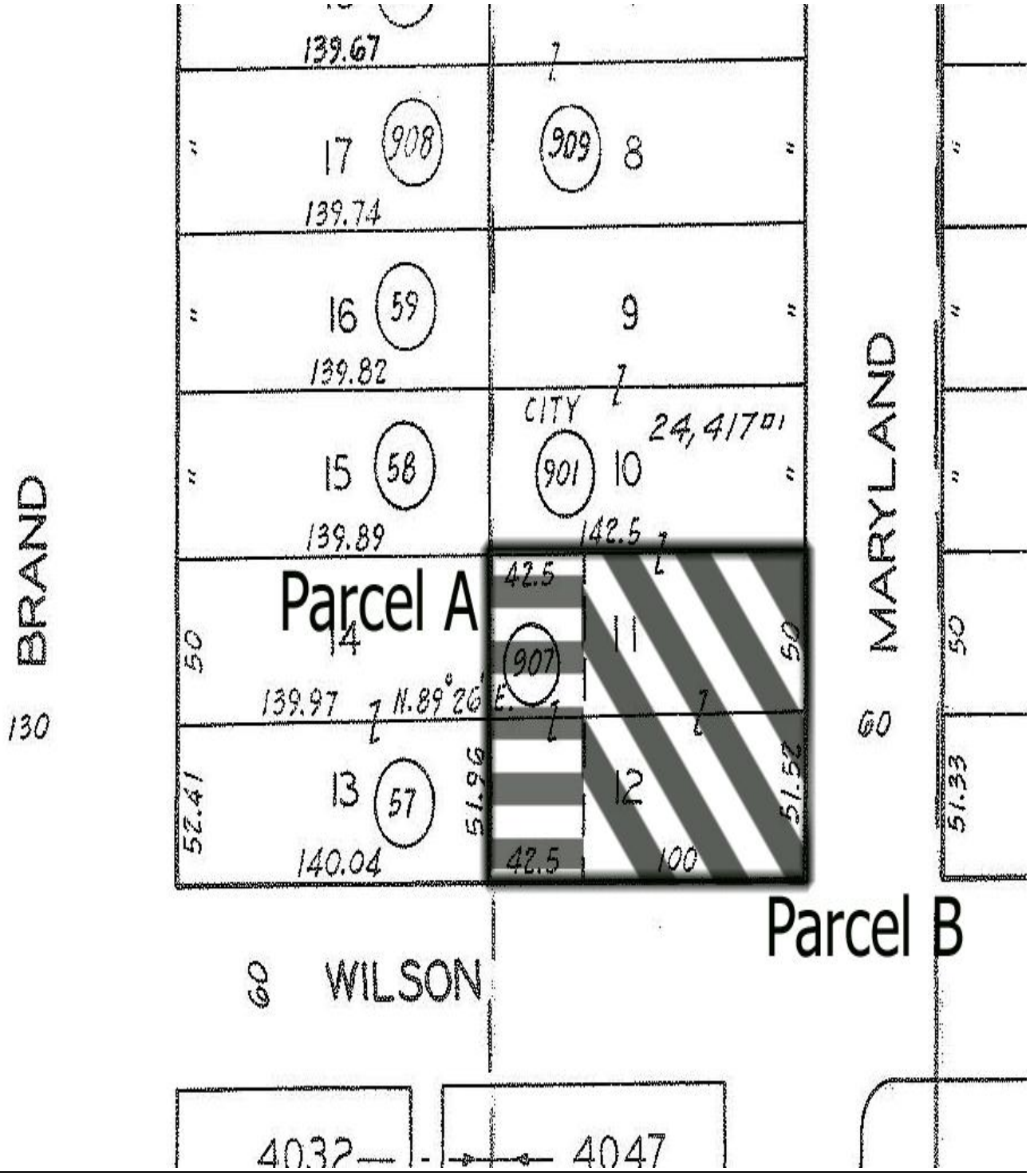
"CITY"

GLENDALE SUCCESSOR AGENCY TO THE
GLENDALE REDEVELOPMENT AGENCY

By:_____
Scott Ochoa, Executive Director

"SUCCESSOR AGENCY"

EXHIBIT “A”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909
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CITY
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907
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51.57
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BRAND
MARYLAND
60
50
51.33
Parcel B
WILSON
60
4032
4047

EXHIBIT “B”

CITY PAYMENTS

Los Angeles County General Fund	$ 355,643
Los Angeles County Accum. Cap. Outlay	$ 122
Los Angeles County Fire - FFW	$ 8,166
Los Angeles County Flood Control Imp. Dist. Maintenance	$1,945
Los Angeles County Flood Control Maintenance	$ 11,008
Greater Los Angeles County Vector Control	$ 289
Educational Rev. Augmentation Fund	$ 66,080
Educational Aug. Fd. Impound	$ 162,019
County School Services	$ 1,517
Children's Instil. Tuition Fund	$ 3,011
Glendale Community College Distrust	$ 38,038
Glendale Unified School District	$ 75,481
Co. Sch. Serv. Fd. - Glendale	$ 2,344
Dev. Ctr. HDCPD. Minor - Glendale	$ 1,479
Glendale Unif. Children’s Ctr. Fd.	$ 901
Total	$ 728,043

EXHIBIT "C"

TAXING ENTITIES ADDRESSES

County of Los Angeles Kenneth Hahn Hall of Administration 500 West Temple Street, Room 713 Los Angeles, CA 90012 (213) 974-1101 Attn: Chief Executive Officer	Greater Los Angeles County Vector Control Kenneth Bayless 12545 Florence Ave Santa Fe Springs CA. 90670 (562) 944-9656 Attn: District Manager
Forester & Fire Warden Theresa Barrera Consolidated Fire Protection District P O Box 910901 Commerce, CA 90091 (323) 838-2301 Attn: Chief Financial Manager	City of Glendale Robert Elliot 141 N. Glendale Ave, Suite 346 Glendale, CA. 91206 (818) 548-2085 Attn: Director of Finance
Flood Control District Mark Blank County of Los Angeles Department of Public Works P. O. Box 1460 Alhambra, CA 91802 Attn: Division Chief, Fiscal Division	County School Services Michelle Sanchez Los Angeles County Office of Education 9300 Imperial Highway Downey, CA. 90242 (562) 803-8495 Attn: Principal Accountant
Glendale Community College Ron Nakasone 1500 North Verdugo Road Glendale, CA. 91208 (818) 551-5210 Attn: Executive Vice President	Glendale Unified School District Richard Sheehan 223 North Jackson Street Glendale, CA. 91206 (818)241-3111 Attn: Superintendent