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November 1, 2011

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

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

35 November 1, 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
RATIFICATION OF A TAX EQUITY AND FISCAL RESPONSIBILITY ACT HEARING
AND ADOPTION OF A RESOLUTION PURSUANT TO SECTION 147(f) OF THE
INTERNAL REVENUE CODE**

SUBJECT

In consultation with the County Treasurer and Tax Collector, the Los Angeles County Metropolitan Transportation Authority is requesting the Board of Supervisors to ratify a Tax Equity and Fiscal Responsibility Act Hearing and to adopt a Resolution pursuant to Section 147(f) of the Internal Revenue Code approving a long-term lease agreement with Access Services Incorporated to occupy a portion of the Division 9 Building.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Ratify a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing held by the Los Angeles County Metropolitan Transportation Authority (LACMTA); and
2. Pursuant to Section 147(f) of the Internal Revenue Code (the "Code") in connection with the LACMTA Proposition A Series 2005-A Sales Tax Revenue Bonds (the "Bonds"), adopt a Resolution approving the Bonds and a long-term lease agreement with Access Services Incorporated (ASI) to occupy a portion of the LACMTA Division 9 Building (the "Building").

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On July 13, 2005 LACMTA issued the Bonds in the aggregate principal amount of \$242,795,000. A portion of the tax-exempt proceeds from the sale of the Bonds were used to finance the construction of the Building, which is located at 3449 Santa Anita Ave., El Monte, California. At the time of the issuance of the Bonds, it was the intention of LACMTA to utilize the Building for a governmental purpose only. LACMTA has since

decided to enter into a long-term lease agreement (the "Lease") to rent a portion of the Building to ASI, which is a 501(c)(3) tax-exempt public benefit corporation that receives all of its funding from the LACMTA. ASI, which currently has a month-to-month lease agreement with LACMTA, intends to use the Building as its headquarters to provide ADA mandated paratransit services. The services provided by ASI are a component of the Social Services Transportation Action Plan required under the California Government Code.

In order to maintain the tax-exempt status of the Bonds after changing the use of the Building to a non-governmental purpose, a TEFRA hearing was held by LACMTA on March 5, 2010 in which members of the general public and interested parties were given an opportunity to be heard on all matters related to the change in use of the Building and the Lease. No comments or objections to the change in use of the Building or the Lease were received or heard from the general public or any interested parties. Upon ratification of the TEFRA hearing and adoption of the Resolution by your Board, LACMTA will have taken the appropriate action required under the Code to maintain the tax-exempt status of the Bonds in connection with the change in use of the Building and the Lease.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to Section 147(f) of the Code, the Bonds and the Lease must be approved by an elected representative with appropriate jurisdiction over the capital project financed with tax-exempt proceeds following a public hearing. Since LACMTA does not have an elected representative within the meaning of the Code, the Bonds and the Lease may be approved by the elected legislative body of a next higher governmental unit, including a governmental entity that appoints members of the governing body of LACMTA. Since the members of your Board are "ex officio" members of the LACMTA Board of Directors by statute, legal counsel has advised that the County of Los Angeles (the "County") is a next higher governmental unit to LACMTA within the meaning of the Code. The Code also provides that the Lease and the Bonds may be approved by a governmental entity with territorial jurisdiction over the location of the Building. Since the City of El Monte is located within the territorial limits of the County, the County also has territorial jurisdiction over the Bonds and the Lease. In accordance with County policy, the City of El Monte has provided written acknowledgement and consent related to your Board's action to ratify the TEFRA hearing and to assist LACMTA in maintaining the tax-exempt status of the Bonds.

CONCLUSION

Upon approval, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted resolutions to LACMTA.

Respectfully submitted,



Michael J. Smith
Assistant Treasurer
Los Angeles County Metropolitan Transportation Authority

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES PURSUANT TO SECTION 147(f) OF THE INTERNAL REVENUE CODE WITH RESPECT TO A LEASE BY THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY OF ITS DIVISION 9 BUILDING

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA") has requested that the Board of Supervisors of the County of Los Angeles (the "Board") assist the LACMTA in complying with Section 147(f) of the Internal Revenue Code of 1986 (the "Code") in connection with the lease (the "Lease") by the LACMTA of a portion of its Division 9 Building, located at 3449 Santa Anita Ave., El Monte, California (the "Project"), to Access Services Incorporated or ASI, a nonprofit corporation, which will use the leased facilities as its headquarters in connection with the provision of ADA mandated complementary paratransit service, among other things, to implement the Social Services Transportation Action Plan required under the California Government Code; and

WHEREAS, certain of the costs of the Project were financed with the LACMTA's Proposition A Series 2005-A Sales Tax Revenue Bonds (the "Bonds") issued in the original principal amount of \$242,795,000 on July 13, 2005, \$216,950,000 aggregate principal amount of which remains outstanding; and

WHEREAS, the Lease could cause the interest on the Bonds to be determined to fail to qualify for tax-exemption under the Code unless, among other things, the requirements of Section 147(f) of the Code are satisfied in connection with the Lease; and

WHEREAS, Treasury Regulations which implement Section 147(f) of the Code (the "Treasury Regulations") require that the Lease and the Bonds be approved by an applicable elected representative following a public hearing such that the interest on the Bonds will remain excluded from gross income for Federal Tax purposes after a long-term Lease with ASI is in effect; and

WHEREAS, the LACMTA has no applicable elected representative within the meaning of the Treasury Regulations in which case the Treasury Regulations provide that the Lease and Bonds may be approved by the elected legislative body of a next higher governmental unit, including a governmental unit that appoints members of the governing body of the LACMTA; and

WHEREAS, the LACMTA has been advised by legal counsel that the County of Los Angeles (the "County") is a next higher governmental unit to the LACMTA within the meaning of the Treasury Regulations; and

WHEREAS, the Board is the elected legislative body of the County; and

WHEREAS, the Treasury Regulations also provide that the Lease and the Bonds be approved following a public hearing by a governmental unit the geographic jurisdiction of which contains the Project; and

WHEREAS, the Project is located within the territorial limits of the County; and

WHEREAS, pursuant to Section 147(f) of the Code, the LACMTA on behalf of the Board has, following notice duly given, held a public hearing regarding the Lease and the Bonds at which no objection to the Lease was heard; and

WHEREAS, Board now desires to approve the Lease and the Bonds; and

NOW, THEREFORE, BE IT RESOLVED, by the Board as follows:

Section 1. The Board hereby approves the Lease and the Bonds such that the interest on the Bonds will remain excluded from gross income for Federal tax purposes after a long-term Lease with ASI is in effect. It is the purpose and intent of the Board that this resolution constitute approval of the Lease and the Bonds by the next higher governmental unit of the LACMTA for the purposes of Section 147(f) of the Code and approval of the Lease and the Bonds by the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f).

Section 2. This resolution shall take effect immediately upon its adoption.

The foregoing resolution was on the 1st day of November, 2011, adopted by the Board of Supervisors of the County of Los Angeles.



Sachi A. Hamai, Executive Officer-Clerk
of the Board of Supervisors of the County
of Los Angeles

By: Rachelle Ami Theiman

Deputy

Approved as to form:

Andrea Sheridan Ordin
County Counsel

By:

[Signature]
Deputy

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