Los Angeles County
Metropolitan Transportation Authority

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Metro

November 18, 2016

TO: BOARD OF DIRECTORS

THROUGH: PHILLIP A. WASHINGTON
CHIEF EXECUTIVE OFFICER PAW

FROM: THERESE MCMILLAN CEH
CHIEF PLANNING OFFICER

SUBJECT: GRAND CENTRAL SQUARE

ISSUE

At the August 25, 2016 Closed Session, the Board authorized the sale of Metro's secured first and second promissory notes to Grand Central Square Limited Partnership ("GCSLP") and the release of Metro's related security interests for $24,872,000. On September 28, 2016, staff completed the sale and release in accordance with the Board's authority.

DISCUSSION

The sale settles Metro's account with GCSLP. It is the result of negotiations among Metro, GCSLP and the Successor Agency to the Community Redevelopment Agency ("CRA/LA") in response to a GCSLP delinquency under the promissory notes. In a related transaction, CRA/LA sold its secured, non-interest bearing third note to GCSLP for $7.8 million.

Pursuant to further Board authorization provided at the August 25, 2016 Closed Session, staff has commenced the process of retiring/defeasing the bonds supported by Metro as part of the original financing for the Grand Central Square project in 1993. Staff is working with the CRA/LA, as the successor to the bond issuer, in this endeavor. Assuming that the retirement/defeasance occurs on December 31, 2016, approximately $14,957,000 of the sale proceeds will be needed to retire/defease the Metro-supported bonds and pay administrative and closing costs associated therewith. This will leave approximately $9,915,000 available for deposit into the Risk Allocation Matrix Internal Savings Account. When complete, the bond retirement/defeasance will also free up approximately $2.2 million per year in Proposition A revenues that are currently used to service the bond debt.

NEXT STEPS

Staff will continue working with the CRA/LA to complete the retirement/defeasance of the bonds.