



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

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**November 18, 2016**

**TO:** BOARD OF DIRECTORS

**THROUGH:** PHILLIP A. WASHINGTON *PAW*  
CHIEF EXECUTIVE OFFICER

**FROM:** THERESE MCMILLAN *CEM*  
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/defeating 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/defeatance occurs on December 31, 2016, approximately \$14,957,000 of the sale proceeds will be needed to retire/defeat 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/defeatance 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/defeatance of the bonds.