

Lawndale Successor Agency  
**OVERSIGHT BOARD**  
**REGULAR MEETING**

**AGENDA**

**May 22, 2014**

**4:00 PM**

Lawndale City Council Chambers  
14717 Burin Avenue, Lawndale, California 90260

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- A. **CALL TO ORDER**
  
- B. **ROLL CALL / INTRODUCTIONS - Board Members: Patricia Flynn, Joann Higdon, Steve Mandoki, Michael Stewart, Greg Tsujiuchi, John Vinke, Barry Waite.**
  
- C. **PLEDGE OF ALLEGIANCE**
  
- D. **ADMINISTRATION – NEW BUSINESS**
  - 1. UPDATE
  
  - 2. LONG RANGE PROPERTY MANAGEMENT PLAN AMENDMENTS
  
  - 3. USE OF SUCCESSOR AGENCY PROPERTY BY THE PRSSC AND CHAMBER OF COMMERCE
  
  - 4. SUCCESSOR AGENCY AUDIT AGREEMENT
  
  - 5. CITY LOAN REPAYMENT SCHEDULE
  
- E. **CONSENT CALENDAR**
  - 1. MINUTES February 20, 2014, MEETING
  
- F. **PUBLIC COMMENTS**
  
- G. **ITEMS FROM SECRETARY/ADMINISTRATIVE CLERK**

**H. ITEMS FROM BOARD MEMBERS**

**I. ADJOURNMENT**

The next scheduled Oversight Board meeting is **Thursday, September 18, 2014.**

Copies of staff reports or other written documentation relating to each agenda item are on file with the Oversight Board and are available for public inspection prior to the meeting.

It is the intention of the Oversight Board to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the Board will attempt to accommodate you in every reasonable manner. Please contact the Lawndale Community Development Department at (310) 973-3230, at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible.

**CERTIFICATION**

Pursuant to the requirements of Government Code Section 54954.2, agendas for each Oversight Board meeting must be posted at least 72 hours in advance in a location that is freely accessible to members of the public. As the Secretary/Administrative Clerk of the Oversight Board, I declare under penalty of perjury that I caused the Oversight Board Agenda to be posted on **May 15, 2014** in accordance with the provisions of State Law and local regulations.

\_\_\_\_\_  
Otis W. Ginoza, Secretary/Administrative Clerk



# OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE LAWDALE REDEVELOPMENT AGENCY

14717 BURIN AVENUE, LAWDALE, CALIFORNIA 90260  
PHONE (310) 973-3200, FAX (310) 644-4556  
[www.lawndalecity.org](http://www.lawndalecity.org)

DATE: May 22, 2014  
TO: Honorable Chairman and Agency Members  
FROM: Otis Ginoza, Deputy City Manager *O. Ginoza*  
SUBJECT: Amendment of the Long Range Property Management Plan

## BACKGROUND

The State Legislature approved AB 1484 in June of 2012 to improve the redevelopment agency dissolution process. AB 1484 established a new process to dispose of the real estate owned by the now dissolved redevelopment agencies. Successor agencies were to create long range property management plans (LRPMPs) listing the property of the former redevelopment agency. The LRPMP was to propose one of four uses for the agency property as follows:

1. Retention of the property for government use
2. Retention of the property for future development
3. Sale of the property
4. Use of the property to fulfill an enforceable obligation

AB 1484 provided that property retained for future development be transferred to a city.

The Long Range Property Management Plan (LRPMP) was approved by the Oversight Board on July 25, 2013, and submitted to the California Department of Finance (DOF) for review and approval the same day. The LRPMP listed three properties, the property located at the southwest corner of Hawthorne and Manhattan Beach Boulevard (Hawthorne/Manhattan Site), a house at 14611 Firmona (Firmona Site) and the Lawndale Community Center. In a letter dated September 20, 2013, the DOF approved City ownership of the Lawndale Community Center and therefore the use of that property will not be determined by the LRPMP.

Prior to its dissolution, the former Redevelopment Agency intended to develop the Hawthorne/Manhattan Site as a small retail center and the Firmona Site as an affordable housing unit. The LRPMP proposed that the use of Hawthorne/Manhattan Site and the Firmona sites be "retention of the property for future development" which required a transfer of the property to the City of Lawndale.

## STAFF REVIEW

The DOF contacted Successor Agency staff in February of 2014, and again in March of 2014, to discuss modifications that they wished to see in the Lawndale LRPMP. The DOF believes that AB 1484 requires that cities obtain compensation agreements with all of the taxing entities (government agencies that receive property taxes from the redevelopment project area) before taking ownership of former redevelopment agency property for future development. In a compensation agreement, a taxing entity would agree to allow city ownership and a city would agree to pay the taxing entity a set amount of money for the property. Successor Agency staff do not agree with the DOF position that AB 1484 requires compensation agreements when a city takes ownership for future development. In recent testimony to the state legislature the DOF admitted that this disagreement exists between DOF and a number of cities. New legislation was introduced in February of 2014, SB 1129 (Steinberg), that would prohibit DOF from requiring compensation agreements.

Successor Agency staff believes that compensation agreements are not feasible for Lawndale. To obtain compensation agreements, the City would need to arrive at an agreed upon sale price with 24 government agencies none of whom would have any incentive to agree to a fair and reasonable price. The DOF could only provide staff with one successful example of a city having obtained compensation agreements with all required taxing entities.

To avoid the need for a compensation agreement, the DOF suggested that the Lawndale LRPMP be amended to change the use of the Hawthorne/Manhattan and Firmona Sites from “retention of the property for future development” to “sale of the property.” Staff ‘s understanding was that when a community wished to develop a site for a specific purpose the LRPMP should propose to retain the site for “retention of the property for future development” and that “sale of the property” was for sites that would be quickly sold to a buyer with no restrictions. The DOF has taken a more expansive view of the “sale of property” designation. DOF has informed staff that when a LRPMP proposes “sale of property” the real estate may be sold through the use of a disposition and development agreement and there is not a time limit on when the property must be sold. If the LRPMP lists “sale of the property” as a use, the property is retained by the successor agency and no compensation agreement is required. However, DOF does require that the LRPMP state that the sale proceeds be deposited with the County Auditor Controller or retained by the successor agency to be used for ROPS payments.

After the discussions with DOF, Successor Agency staff believes that the following two modifications would meet the DOF requirements and allow Lawndale to maintain significant control over the sale and use of the Hawthorne/Manhattan and Firmona properties:

1. **Property to be retained and sold by the Successor Agency.** The Successor Agency, rather than the City, would own the Hawthorne/Manhattan and Firmona sites and sell them for development as retail and affordable housing.
2. **Property Sale Proceeds to be used for enforceable obligations or deposited with the County Auditor Controller.** At the time that the LRPMP was written, it was unclear whether cities or the taxing entities would receive the proceeds from the sale of the property of the former redevelopment agencies. Therefore, the Lawndale LRPMP did not specify how the property sale proceeds would be used. The DOF has sought to clarify this issue by requiring all LRPMPs to specify that all sale proceeds be used to benefit the taxing entities. LRPMPs should state that the successor agency will deposit the sale proceeds with the County Auditor Controller which will distribute the proceeds to the taxing entities or the successor agency will

use the proceeds to pay debts listed on the recognized obligation payment schedule (ROPS). If a successor agency pays ROPS obligations with the proceeds it will free up the same amount of tax increment for distribution to the taxing entities.

The attached Oversight Board Resolution No. 2014-9 amends the LRPMP to specify that the Hawthorne/Manhattan and Firmona Site will be retained by the Successor Agency for later sale to developers for use as a retail and affordable housing respectively. The Resolution also specifies that and the proceeds of the sale will be used to pay Successor Agency ROPS obligations or deposited with the County Auditor Controller.

Successor Agency staff has discussed the changes with the DOF and believe that that approval of Resolution 2014-9 by the Oversight Board will result in the approval of the LRPMP by the DOF.

#### FUNDING

No funding required.

#### RECOMMENDATION

Staff recommends that the Oversight Board adopt Resolution 2014-9 amending the Long Range Property Management Plan.

Attachments: 1. Resolution 2014-9

**RESOLUTION NO. 2014 -9**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
LAWNDALE SUCCESSOR AGENCY AMENDING RESOLUTION NO. 2013-12 APPROVING  
THE LONG RANGE PROPERTY MANAGEMENT PLAN**

WHEREAS, Health and Safety Code section 34191.5(c)(1) requires the Successor Agency to the Lawndale Redevelopment Agency to prepare a long range property management plan that details each property that was owned by redevelopment when it was eliminated ; and

WHEREAS, the long range property management plan must be reviewed and approved by the State Department of Finance before any potential real estate transaction can occur; and

WHEREAS, the Lawndale Redevelopment Agency owned three properties at the time that redevelopment was eliminated; and

WHEREAS, the Long Range Property Management Plan (LRPMP) was presented to and approved by the Successor Agency at its the July 15, 2013 meeting; and

WHEREAS, the LRPMP was then presented to and approved by the Oversight Board with the adoption of Resolution No. 2013-12 on July 25, 2013; and

WHEREAS, the LRPMP approved by the Oversight Board by Resolution No. 2013-12 listed three former redevelopment agency properties 15801, 15811 & 15821 Hawthorne Boulevard, 14611 Firmona Avenue, and 14700 Burin Avenue; and

WHEREAS, the LRPMP stated that 14700 Burin Avenue, would be retained for government use; and

WHEREAS, in a letter dated September 20, 2013, the California Department of Finance approved Oversight Board Resolution No. 2013-10 which transferred 14700 Burin Avenue the to the City of Lawndale for public use as a community center; and

WHEREAS the LRPMP stated that 15801, 15811 & 15821 Hawthorne Boulevard and 14611 Firmona Avenue were to be retained by the City of Lawndale for future development; and

WHEREAS, the Successor Agency now wishes to retain the two properties that the LRPMP had specified would be transferred to the City for future development and the Successor Agency wishes to sell these properties for development as described in the LRPMP; and

WHEREAS the Successor Agency has requested that the Oversight Board approve a resolution amending the LRPMP to permit the retention and sale of 15801, 15811 & 15821 Hawthorne Boulevard, and 14611 Firmona Avenue by the Successor Agency; and

WHEREAS, the California Department of Finance has advised the Successor Agency that the LRPMP should describe the disposition of the proceeds from the sale of property described in the Long Range Property Management Plan (Sale Proceeds); and

WHEREAS, the Successor Agency wishes to retain the Sale Proceeds to pay enforceable obligations listed on the ROPS or deposit the Sale Proceeds with the Los Angeles County Auditor Controller.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE LAWDALE REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct and incorporated herein, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. That the Oversight Board hereby amends Resolution 2013-12 approving the Long Range Property Management Plan to state that the 15801, 15811 & 15821 Hawthorne Boulevard and 14611 Firmona Avenue will be retained by the Successor Agency for future sale and not transferred to the City of Lawndale.

SECTION 3. That the Oversight Board hereby amends Resolution 2013-12 approving the Long Range Property Management Plan to state that the proceeds from the sale of 15801, 15811 & 15821 Hawthorne Boulevard and 14611 Firmona Avenue shall be retained by the Successor Agency to pay enforceable obligations listed on the ROPS or be submitted to the Los Angeles County Auditor-Controller's office for distribution to the affected taxing entities.

SECTION 4. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications or this Resolution that can be given effect without the invalid provision or application, and to the end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity or any particular portion of this Resolution.

SECTION 5. Pursuant to Health and Safety Code section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

SECTION 6. The Secretary of the Successor Agency or the authorized designee is directed to post this Resolution on the Successor Agency's website pursuant to the Dissolution Act.

PASSED, APPROVED AND ADOPTED this 22nd day of May, 2014.

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Chair

ATTEST:

State of California            )  
County of Los Angeles        )     SS  
City of Lawndale             )

I, Otis Ginoza, Secretary of the Oversight Board of the Successor Agency of the Lawndale Redevelopment Agency, do hereby certify that the Members of the Oversight Board of the Successor Agency to the Lawndale Redevelopment Agency duly approved and adopted the foregoing Resolution No. 2014-9 at a regular meeting of said Oversight Board held on the 22nd day of May, 2014, by the following roll call vote:

Ayes:

Noes:

Absent:

Abstain:

\_\_\_\_\_  
Secretary



# OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE LAWDALE REDEVELOPMENT AGENCY

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PHONE (310) 973-3200, FAX (310) 644-4556  
[www.lawndalecity.org](http://www.lawndalecity.org)

DATE: May 22, 2014

TO: Honorable Chairman and Agency Members

FROM: Otis Ginoza, Deputy City Manager *awg*

SUBJECT: PRSSC and Chamber of Commerce Use of Land at Hawthorne and Manhattan Beach Boulevards

## BACKGROUND

Over a period of years, the former Lawndale Redevelopment Agency (Former RDA) acquired land at the southwest corner of Hawthorne and Manhattan Beach Boulevards (Site). The Former RDA initially intended to build a car dealership and later a small shopping center on the Site. Part of the Site is vacant and a portion is in use as a mobile home park. The Former RDA allowed the City of Lawndale Parks Recreation and Social Services Commission (PRSSC) to use the vacant portion of the Site for a fireworks sales stand during June and early July of each year and also allowed the Lawndale Chamber of Commerce to use the Site for Christmas Tree sales and an occasional carnival. The City of Lawndale currently has title to the Site and has continues to allow the use of the Site by PRSSC and the Chamber of Commerce.

## STAFF REVIEW

The Successor Agency has prepared a Long Range Property Management Plan (LRPMP) to govern the disposition of the Site. The LRPMP must be approved by the California Department of Finance (DOF). The DOF has completed its review of the LRPMP and informed the Successor Agency it will approve the LRPMP if a number of changes are made. One change would result in the ownership transfer of the site from the City to the Successor Agency.

The Successor Agency wishes to allow the PRSSC and Chamber of Commerce to continue the use of the Site for fund raising activities. On May 5, 2014, the Successor Agency requested that the Oversight Board authorize the Successor Agency to allow PRSSC and Chamber of Commerce use of the site for the Period June 1, 2014 to May 31, 2015. Staff now recommends that the Oversight Board of the Successor Agency provide the authorization requested by the Successor Agency.

## FUNDING

None required at this time.

RECOMMENDATION

Staff recommends that the Oversight Board adopt Resolution 2014- 10 that allows the use of property located at the southeast corner of Hawthorne and Manhattan Beach Boulevards for fundraising by the PRSSC and Chamber of Commerce for the period June 1, 2014, to May 31, 2015.

Attachments: Resolution 2014-10

**RESOLUTION NO. 2014 - 10**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
LAWNDALE SUCCESSOR AGENCY APPROVING THE  
USE OF SUCCESSOR AGENCY PROPERTY FOR FIREWORKS SALES**

WHEREAS, the Lawndale Redevelopment Agency once owned a vacant lot located at the southwest corner of Hawthorne and Manhattan Beach Boulevards (Site) and for many years allowed the City of Lawndale Parks Recreation and Social Services Commission (PRSSC) to use the Site at no cost for fireworks sales each year at the end of June and beginning of July; and

WHEREAS, the PRSSC operates a fireworks sales booth to raise funds for parks and recreation programs in the City of Lawndale; and

WHEREAS, the Lawndale Chamber of Commerce occasionally used the Site for Christmas tree sales and a carnival to raise funds for its operations; and

WHEREAS, on March 7, 2011, the Lawndale Redevelopment Agency approved the transfer of the Site to the City of Lawndale (City) and the City has continued to allow the PRSSC to use the Site for fireworks sales and the Chamber of Commerce to use the Site for Carnivals and Christmas tree sales; and

WHEREAS, in June of 2011, ABx1 26 eliminated redevelopment agencies and established successor agencies to repay the enforceable obligations of the dissolved redevelopment agencies and established Oversight Boards to review the actions of successor agencies; and

WHEREAS, AB 1484 directed successor redevelopment agencies to prepare long range property management plans (LRPMPs) that would guide the disposition of real estate owned by the now dissolved redevelopment agencies; and

WHEREAS, LRPMPs must be approved by the California Department of Finance (DOF) and the DOF has informed the Successor Agency that it would likely approve a LRPMP for Lawndale that requires the Site to be held by the Successor Agency and later sold for development; and

WHEREAS, the Lawndale LRPMP may soon be approved and the Site transferred to the Successor Agency; and

WHEREAS, the Successor Agency wishes to make the Site available to the PRSSC and the Lawndale Chamber of Commerce for fund raising activities and on the May 5, 2014, asked the Oversight Board to authorize the Successor Agency to use the property in this manner.

**NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE LAWNDALE REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:**

SECTION 1. The foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. Pursuant to the Dissolution Act, the Lawndale Oversight Board authorizes the Successor Agency to allow the use of the Site by PRSSC and the Lawndale Chamber of Commerce for fund raising activities for the period June 1, 2014 to May 31, 2015.

SECTION 3. The Oversight Board directs staff to submit this Resolution to the California Department of Finance.

SECTION 4. The Finance Director of the Successor Agency or the authorized designee is directed to post this Resolution on the Successor Agency's website pursuant to the Dissolution Act.

PASSED, APPROVED AND ADOPTED this 22nd day of May, 2014.

\_\_\_\_\_  
Chair

ATTEST:

State of California            )  
County of Los Angeles        )     SS  
City of Lawndale             )

I, Otis Ginoza, Secretary of the Oversight Board of the Successor Agency of the Lawndale Redevelopment Agency, do hereby certify that the Members of the Oversight Board of the Successor Agency to the Lawndale Redevelopment Agency duly approved and adopted the foregoing Resolution No. 2014-10 at a regular meeting of said Oversight Board held on the 22nd day of May, 2014, by the following roll call vote:

Ayes:

Noes:

Absent:

Abstain:

\_\_\_\_\_  
Secretary



# OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE LAWDALE REDEVELOPMENT AGENCY

14717 BURIN AVENUE, LAWDALE, CALIFORNIA 90260  
PHONE (310) 973-3200, FAX (310) 644-4556  
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DATE: May 22, 2014  
TO: Honorable Chairman and Agency Members  
FROM: Otis Ginoza, Deputy City Manager *OTG*  
SUBJECT: Audit Services Agreement

## BACKGROUND

Municipalities and successor agencies must have an independent audit performed annually. On April 5, 2010, the City of Lawndale (City) entered into an agreement with Caporicci & Larson (now Marcum LLP) for three years of independent audit services for the City. The City previously employed Marcum LLP to prepare the City and Redevelopment Agency audit using a single contract. However, following the dissolution of the Lawndale Redevelopment Agency, the Successor Agency was advised by the California Department of Finance (DOF) that the Successor Agency should have a separate agreement with Marcum LLP. The DOF does not consider city contracts to be enforceable obligations of successor agencies. On July 15, 2013, the Successor Agency and Marcum LLP entered into a contract (attached) a comprehensive audit of the Successor Agency's financial statements for the year ending June 30, 2013. The Oversight Board approved the audit agreement on July 25, 2013. The DOF, in a letter dated December 17, 2013, approved the Marcum LLP audit agreement (Agreement) as an enforceable obligation of the Successor Agency.

## STAFF REVIEW

The Successor Agency wished to amend the contract with Marcum LLP to obtain a comprehensive audit an additional fiscal year (year ending June 30, 2014) and approved the First Amendment to the Agreement on April 21, 2014. The Successor now asks the Oversight Board to approve the First Amendment with Marcum (attached). The First Amendment adds audit services for a second fiscal year for the Successor Agency at a cost of \$47,600. The dissolution of California redevelopment agencies is a new and uncertain process and is more complex than the authors of ABx1 26 likely imagined. The Successor Agency's auditors have discovered that the task of auditing a successor agency during a very active portion of the dissolution process requires more hours than they previously imagined. As a result, the cost of the audit services for the year ending June 30, 2014, will be higher than the cost of audit services for the prior year. The prior audit services agreement contained a not to exceed limit of \$35,000.

The City of Lawndale will be using Marcum LLP and the Successor Agency chose to use the same provider of audit services as the City as the use of separate audit firms would likely result in funding some of the same work twice.

#### FUNDING

The cost of the Agreement with Marcum was included on ROPS 14-15A and ROPS 14-15B and funded with tax increment (RPTTF).

#### RECOMMENDATION

Staff recommends that the Oversight Board adopt Resolution 2014-11 approving the First Amendment to the Audit Services Contract with Marcum LLP.

Attachments: Resolution 2014-11  
April 21, 2014, First Amendment  
July 15, 2013, Agreement

**RESOLUTION NO. 2014 -11**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
LAWNDALE SUCCESSOR AGENCY AUTHORIZING THE SUCCESSOR AGENCY TO  
AMEND AN AUDIT SERVICES AGREEMENT**

WHEREAS, California Law requires successor redevelopment agencies to prepare an annual audit; and

WHEREAS, the City of Lawndale previously took responsibility for the preparation of Redevelopment Agency and later Successor Agency annual audits; and

WHEREAS, the City of Lawndale has used Caporicci & Larson, now Marcum LLP, to prepare the City and Redevelopment Agency annual audits; and

WHEREAS, on July 15, 2013, the Successor Agency approved an Agreement to perform comprehensive audit with Marcum LLP and the Oversight Board approved the same agreement on July 25, 2013; and

WHEREAS, in a letter dated December 17, 2013, the California Department of Finance approved the Agreement with Marcum LLP as an enforceable obligation; and

WHEREAS, the Successor Agency wishes to utilize the services of Marcum LLP for a comprehensive audit of an additional fiscal year; and

WHEREAS, on April 21, 2014, the Lawndale Successor Agency approved the First Amendment to the Audit Services Agreement (First Amendment) which provides a comprehensive audit of the Successor Agency's financial statements for the year ending June 30, 2014, and contains a not to exceed amount of \$47,600; and

WHEREAS, the Oversight Board has reviewed the First Amendment and desires to authorize the Successor Agency to enter into the First Amendment, to cause posting of this Resolution on the Successor Agency website, and to direct transmittal thereof with a copy of such contract to the County Auditor-Controller and Department of Finance (DOF); and

WHEREAS, pursuant to Section 34179(h) as amended by Assembly Bill 1484, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing, and an Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review.

NOW, THEREFORE, THE OVERISGHT BOARD OF THE SUCCESSOR AGENCY TO THE LAWNDALE REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. Pursuant to the Dissolution Act, the Lawndale Oversight Board authorizes the Successor Agency to enter into the First Amendment with Marcum LLP for audit services to perform a comprehensive audit of the Successor Agency’s financial statements for the year ending June 30, 2014 for an amount not to exceed forty-seven thousand six hundred dollars.

SECTION 3. The Oversight Board authorizes transmittal of such contract to the County Auditor-Controller and DOF.

SECTION 4. This Resolution shall be effective after this Resolution is transmitted to the DOF, and after the expiration of five (5) business days pending a request for review by the DOF within the time periods set forth in the dissolution Act; in this regard, if the DOF requests review hereof DOF will have forty (40) days from the date of its request to approve this Oversight Board action or return it to the Oversight Board for reconsideration and the action, if subject to review by the DOF, will not be effective until approved by DOF.

SECTION 5. The Secretary of the Successor Agency or the authorized designee is directed to post this Resolution on the Successor Agency’s website pursuant to the Dissolution Act.

PASSED, APPROVED AND ADOPTED this 22nd day of May, 2014.

\_\_\_\_\_  
Chair

ATTEST:

State of California            )  
County of Los Angeles        )     SS  
City of Lawndale             )

I, Otis Ginoza, Secretary of the Oversight Board of the Successor Agency of the Lawndale Redevelopment Agency, do hereby certify that the Members of the Oversight Board of the Successor Agency to the Lawndale Redevelopment Agency duly approved and adopted the foregoing Resolution No. 14-11 at a regular meeting of said Oversight Board held on the 22nd day of May, 2014, by the following roll call vote:

Ayes:

Noes:

Absent:

Abstain:

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Secretary

**FIRST AMENDMENT TO CONTRACT SERVICES AGREEMENT  
FOR INDEPENDENT AUDIT SERVICES**

This FIRST AMENDMENT TO CONTRACT SERVICES AGREEMENT FOR INDEPENDENT AUDIT SERVICES (the "First Amendment") is made and entered into this 21st day of April, 2014, by and between the Lawndale Successor Agency, a municipal corporation ("Agency"), and Maroum LLP, a limited partnership (herein "Consultant").

**RECITALS**

WHEREAS, Agency and Consultant entered into that certain Agreement entitled "Contract Services Agreement for Independent Audit Services" (the "Agreement") on or about July 15, 2013, and

WHEREAS, the Agency' (as preceded by the Lawndale Redevelopment Agency) has successfully used Consultant for the last four audits and seeks the use of services for a fifth and final year.

**AGREEMENT**

NOW, THEREFORE, it is hereby agreed that the Agreement is amended in the following particulars only:

SECTION 1. Section 1.1 of the Agreement and Exhibit "A" entitled "Scope of Services" of the Agreement are amended to add thereto "Exhibit A-1", to list the "Supplemental Scope of Services" to be performed during the term of this First Amendment, which exhibit is incorporated herein by this reference as if set forth in full.

SECTION 2. Section 2.1 of the Agreement, entitled "Contract Sum", and Exhibit "C" to the Agreement are amended to add "Exhibit C-1" which describes the "Supplemental Schedule of Compensation" explaining the fees payable during the term of this First Amendment, which exhibit is incorporated herein by this reference as if set forth in full.

SECTION 3. Section 2.1 of the Agreement is also to increase the maximum contract sum by forty-seven thousand six hundred dollars (\$47,600.00) such that the maximum contract sum will be increased from thirty-five thousand dollars (\$35,000.00) to eighty-two thousand six hundred dollars (\$82,600.00).

SECTION 4. Section 3.2 of the Agreement and Exhibit "D" entitled "Schedule of Performance" are amended to add thereto "Exhibit D-1" to set forth the "Supplemental Schedule of Performance" which is applicable during the term of this First Amendment, which exhibit is incorporated herein by this reference as if set forth in full.

SECTION 5. Section 3.4 of the Agreement, is hereby amended to extend the Term for completion of services for the agreement including this and all previous amendments to April 21, 2017.

SECTION 6. Except as expressly provided for in this First Amendment all other provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed and entered into this First Amendment as of the date first written above.

CITY:

*Pat K*

Pat Kearney, Acting Chairman

ATTEST:

*Paula Hartwill*

Paula Hartwill, Secretary

APPROVED AS TO FORM:  
Aleshire & Wynder, LLP

*Tiffany J. Israel*

Tiffany J. Israel, General Counsel

CONSULTANT:

Marcum LLP,  
A Limited Liability Corporation

By:

*Sheri J. Lejman*

Sheri J. Lejman  
Partner

APRIL 3, 2014

By:

*Steve Rapaltoni*

Steve Rapaltoni  
Partner-in-charge

Address: 2 Park Plaza, Suite 1200  
Irvine, CA 92614

EXHIBIT "A-1"

SUPPLEMENTAL SCOPE OF SERVICES

ANNUAL AUDIT REQUIREMENTS

Pursuant to this Agreement, Consultant shall provide the following services:

General Requirements

- A. Consultant shall perform a comprehensive audit of the Agency's financial statements for the year ending June 30, 2014.
- B. The audit basis will be that of Generally Accepted Accounting Principles (GAAP) and in conjunction with the rules set by the Governmental Accounting Standards Board (GASB).

Services to be Provided by Consultant:

- A. Report on the fair presentation of the Agency's financial statements.
- B. Report on compliance and on internal control with respect to the Agency.
- C. Render a Management Letter disclosing any material findings or recommendations.

EXHIBIT "C-1"

SUPPLEMENTAL SCHEDULE OF COMPENSATION

The cost to complete the 2013-2014 audit shall not exceed \$47,600. The hourly rates for the audit team shall be as follows:

Partners	\$375/hr
Senior Managers and Managers	\$175-\$300/hr
Accounting Seniors & Staff	\$125/hr

Fees shall be billed as time is incurred in 15 minute increments.

The Consultant may request monthly progress payments for work already completed in a manner consistent with this Agreement.

The Consultant will not be reimbursed for travel time or expenses unless the expenses and the related overhead are approved in writing by the City before the expenses are incurred.

The Contract Sum shall include the attendance of Consultant at all project meetings reasonably deemed necessary by the Agency.

EXHIBIT "D-1"

SCHEDULE OF PERFORMANCE

Schedule of 2013-2014 Fiscal Year Audit

- |    |                     |               |
|----|---------------------|---------------|
| 1. | Entrance Conference | August 2014   |
| 2. | Interim Work        | August 2014   |
| 3. | Detailed Audit Plan | August 2014   |
| 4. | Fieldwork           | October 2014  |
| 5. | Exit Conference     | November 2014 |
| 6. | Draft Reports       | December 2014 |
| 7. | Final Reports *     | December 2014 |

\* The final signed report, which shall include a print-quality as well as an electronic copy, will be delivered to the Agency's Finance Director by the close of December 2014.

**LAWNDALE SUCCESSOR AGENCY**  
**CONTRACT SERVICES AGREEMENT FOR**  
**INDEPENDENT AUDIT SERVICES**

This Contract Services Agreement ("Agreement") is made and entered into this 15th day of July, 2013, by and between the Lawndale Successor Agency, a municipal corporation ("Agency"), and Marcum, LLP ("Consultant"). The term Consultant includes professionals performing in a consulting capacity. The parties hereto agree as follows:

**1.0 SERVICES OF CONSULTANT**

1.1 Scope of Services. In compliance with all terms and conditions of this Agreement, Consultant shall provide the work and services specified in the "Scope of Services" attached hereto as *Exhibit "A"* and incorporated herein by this reference. Consultant warrants that all work or services set forth in the Scope of Services will be performed in a competent, professional and satisfactory manner.

1.2 Consultant's Proposal. The Scope of Services shall include the Consultant's proposal or bid which shall be incorporated herein by this reference as though fully set forth herein. In the event of any inconsistency between the terms of such proposal and this Agreement, the terms of this Agreement shall govern.

1.3 Compliance with Law. All work and services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules, and regulations of the City of Lawndale and any Federal, State or local governmental agency having jurisdiction.

1.4 Licenses, Permits, Fees and Assessments. Consultant shall obtain at its sole cost and expense, such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement. Consultant shall have the sole obligation to pay for any fees, assessments, taxes, including applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Consultant's performance of the services required by this Agreement; and shall indemnify, defend and hold harmless Agency against any claim for such fees, assessments, taxes, penalties or interest levied, assessed or imposed against Agency hereunder.

1.5 Familiarity with Work. By executing this Agreement, Consultant warrants that Consultant (a) has thoroughly investigated and considered the scope of services to be performed, (b) has carefully considered how the work and services should be performed, and (c) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement.

1.6 Additional Services. Agency shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer to the Consultant, incorporating therein any adjustment in (i) the Contract Sum, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Consultant. Any increase in compensation of up to five percent (5%) of the Contract Sum or \$25,000, whichever is less, may be approved by the Contract Officer. Any greater increases, taken either separately or cumulatively must

be approved by the Agency's Board. It is expressly understood by Consultant that the provisions of this Section shall not apply to services specifically set forth in the Scope of Services or reasonably contemplated therein. Consultant hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Consultant anticipates and that Consultant shall not be entitled to additional compensation therefor.

1.7 Special Requirements. Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the "Special Requirements" attached hereto as *Exhibit "B"* and incorporated herein by this reference. In the event of a conflict between the provisions of *Exhibit "B"* and any other provisions of this Agreement, the provisions of *Exhibit "B"* shall govern.

1.8 Environmental Laws. Consultant shall comply with all applicable environmental laws, ordinances, codes and regulations of Federal, State, and local governments. Consultant shall also comply with all applicable mandatory standards and policies relating to energy efficiency.

## 2.0 COMPENSATION

2.1 Contract Sum. For the services rendered pursuant to this Agreement, Consultant shall be compensated in accordance with the "Schedule of Compensation" attached hereto as *Exhibit "C"* and incorporated herein by this reference, but not exceeding the maximum contract amount of thirty-five thousand dollars (\$35,000.00) ("Contract Sum"), except as provided in Section 1.6. The method of compensation may include: (i) a lump sum payment upon completion, (ii) payment in accordance with the percentage of completion of the services, (iii) payment for time and materials based upon the Consultant's rates as specified in the Schedule of Compensation, but not exceeding the Contract Sum or (iv) such other methods as may be specified in the Schedule of Compensation. Compensation may include reimbursement for actual and necessary expenditures approved by the Contract Officer in advance if specified in the Schedule of Compensation. The Contract Sum shall include the attendance of Consultant at all project meetings reasonably deemed necessary by the Agency.

Consultant agrees that if Consultant becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the work or services or, if Consultant is providing design services, the cost of the project being designed, Consultant shall promptly notify the Contract Officer of said fact, circumstance, technique or event and the estimated increased or decreased cost related thereto and, if Consultant is providing design services, the estimated increased or decreased cost estimate for the project being designed.

2.2 Method of Payment. Unless some other method of payment is specified in the Schedule of Compensation, in any month in which Consultant wishes to receive payment, no later than the first (1st) working day of such month, Consultant shall submit to the Agency, in a form approved by the Agency's Director of Finance, an invoice for services rendered prior to the date of the invoice. Except as provided in Section 7.2, Agency shall pay Consultant for all expenses stated thereon which are approved by Agency pursuant to this Agreement generally within thirty (30) days, and no later than forty-five (45) days, from the submission of an invoice in an approved form.

2.3 Availability of Funds. It is mutually understood between the parties that this Agreement is valid and enforceable only if sufficient funds are made available by the Agency's Board for the purposes of this Agreement. The availability of funding is affected by matters outside the Agency's control, including other governmental entities. Accordingly, the Agency has the option to

void the whole Agreement or to amend the Agreement to reflect unanticipated reduction in funding for any reason.

### 3.0 PERFORMANCE SCHEDULE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance. Consultant shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as *Exhibit "D"*, if any, and incorporated herein by this reference. When requested by the Consultant, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding one hundred eighty (180) days cumulatively.

3.3 Force Majeure. The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Consultant, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the Agency, if the Consultant shall, within ten (10) days of the commencement of such delay, notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay and extend the time for performing the services for the period of the enforced delay when and if, in the judgment of the Contract Officer, such delay is justified. The Contract Officer's determination shall be final and conclusive upon the parties to this Agreement. In no event shall Consultant be entitled to recover damages against the Agency for any delay in the performance of this Agreement, however caused; Consultant's sole remedy being extension of the Agreement pursuant to this Section.

3.4 Term. Unless earlier terminated in accordance with Section 7.4 below, this Agreement shall continue in full force and effect until completion of the services no later than three (3) years from the date hereof, except as otherwise provided in the Schedule of Performance.

### 4.0 COORDINATION OF WORK

4.1 Representative of Consultant. Sheri J. Lejman is hereby designated as being the representative of Consultant authorized to act on its behalf with respect to the work or services specified herein and to make all decisions in connection therewith.

It is expressly understood that the experience, knowledge, capability and reputation of the representative was a substantial inducement for Agency to enter into this Agreement. Therefore, the representative shall be responsible during the term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the services hereunder. For purposes of this Agreement, the representative may not be replaced nor may his responsibilities be substantially reduced by Consultant without the express written approval of Agency.

4.2 Contract Officer. The Agency's Executive Director is hereby designated as the representative of the Agency authorized to act in its behalf with respect to the work and services and to make all decisions in connection therewith ("Contract Officer"). It shall be the Consultant's responsibility to assure that the Contract Officer is kept informed of the progress of the performance of

the services and the Consultant shall refer any decisions which must be made by Agency to the Contract Officer. The Agency may designate another Contract Officer by providing written notice to Consultant.

4.3 Prohibition Against Subcontracting or Assignment. The experience, knowledge, capability and reputation of Consultant, its principals and employees were a substantial inducement for the Agency to enter into this Agreement. Therefore, Consultant shall not contract with any other entity to perform in whole or in part the services required hereunder without the express written approval of the Agency. In addition, neither this Agreement nor any interest herein may be transferred or assigned without the prior written approval of Agency. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Consultant taking all transfers into account on a cumulative basis. A prohibited transfer or assignment shall be void. No approved transfer shall release the Consultant or any surety of Consultant of any liability hereunder without the express consent of Agency.

4.4 Independent Contractor. Neither the Agency nor any of its employees shall have any control over the manner or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth herein. Consultant shall perform all services required herein as an independent contractor of Agency and shall remain under only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of Agency. Agency shall not in any way or for any purpose become or be deemed to be a partner of Consultant in its business or otherwise or a joint venturer or a member of any joint enterprise with Consultant.

## 5.0 INSURANCE AND INDEMNIFICATION

5.1 Insurance. Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Agency, during the entire term of this Agreement including any extension thereof, the following policies of insurance:

(a) Commercial General Liability Insurance. A policy of commercial general liability insurance using Insurance Services Office "Commercial General Liability" policy form CG 00 01, with an edition date prior to 2004, or the exact equivalent. Coverage for an additional insured shall not be limited to its vicarious liability. Defense costs must be paid in addition to limits. Limits shall be no less than \$1,000,000.00 per occurrence for all covered losses and no less than \$2,000,000.00 general aggregate.

(b) Workers' Compensation Insurance. A policy of workers' compensation insurance on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000.00 per accident for all covered losses.

(c) Automotive Insurance. A policy of comprehensive automobile liability insurance written on a per occurrence basis in an amount not less than \$1,000,000.00 per accident, combined single limit. Said policy shall include coverage for owned, non owned, leased and hired cars.

(d) Professional Liability or Error and Omissions Insurance. A policy of Professional Liability for Errors and Omissions insurance in an amount not less than \$1,000,000.00 per

claim with respect to loss arising from the actions of Consultant performing professional services hereunder on behalf of the Agency.

All of the above policies of insurance shall be primary insurance. The general liability policy shall name the Agency, its officers, employees and agents ("Agency Parties") as additional insureds and shall waive all rights of subrogation and contribution it may have against the Agency and the Agency's Parties and their respective insurers. All of said policies of insurance shall provide that said insurance may be not cancelled without providing ten (10) days prior written notice by registered mail to the Agency. In the event any of said policies of insurance are cancelled or amended, Consultant shall, prior to the cancellation or amendment date, submit new evidence of insurance in conformance with this Section 5.1 to the Contract Officer. No work or services under this Agreement shall commence until Consultant has provided Agency with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by Agency.

Consultant agrees that the provisions of this Section 5.1 shall not be construed as limiting in any way the extent to which Consultant may be held responsible for the payment of damages to any persons or property resulting from Consultant's activities or the activities of any person or persons for which Consultant is otherwise responsible.

The insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide or The Key Rating Guide, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of the Agency due to unique circumstances.

In the event that the Consultant is authorized to subcontract any portion of the work or services provided pursuant to this Agreement, the contract between the Consultant and such subcontractor shall require the subcontractor to maintain the same policies of insurance that the Consultant is required to maintain pursuant to this Section 5.1.

## 5.2 Indemnification.

(a) Indemnity for Professional Liability. When the law establishes a professional standard of care for Consultant's services, to the fullest extent permitted by law, Consultant shall indemnify, defend and hold harmless Agency and the Agency's Parties from and against any and all losses, liabilities, damages, costs and expenses, including attorneys' fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees of subcontractors (or any entity or individual for which Consultant shall bear legal liability) in the performance of professional services under this Agreement.

(b) Indemnity for Other Than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless Agency and Agency's Parties from and against any liability (including liability for claims, suits, actions, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, defense costs and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or entity for which

Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant.

## **6.0 RECORDS AND REPORTS**

6.1 Reports. Consultant shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement as the Contract Officer shall require.

6.2 Records. Consultant shall keep, and require subcontractors to keep, such books and records as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of Agency, including the right to inspect, copy, audit and make records and transcripts from such records. Such records shall be maintained for a period of three (3) years following completion of the services hereunder, and the Agency shall have access to such records in the event any audit is required.

6.3 Ownership of Documents. All drawings, specifications, reports, records, documents and other materials prepared by Consultant, its employees, subcontractors and agents in the performance of this Agreement shall be the property of Agency and shall be delivered to Agency upon request of the Contract Officer or upon the termination of this Agreement and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by Agency of its full rights of ownership of such documents and materials. Consultant may retain copies of such documents for its own use and Consultant shall have an unrestricted right to use the concepts embodied therein. Any use of such completed documents by Agency for other projects and/or use of uncompleted documents without specific written authorization by the Consultant will be at the Agency's sole risk and without liability to Consultant and the Agency shall indemnify the Consultant for all damages resulting therefrom. All subcontractors shall provide for assignment to Agency of any documents or materials prepared by them, and in the event Consultant fails to secure such assignment, Consultant shall indemnify Agency for all damages resulting therefrom.

## **7.0 ENFORCEMENT OF AGREEMENT**

7.1 California Law. This Agreement shall be construed and interpreted both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Los Angeles, State of California, or any other appropriate court in such county, and Consultant agrees to submit to the personal jurisdiction of such court in the event of such action.

7.2 Retention of Funds. Consultant hereby authorizes Agency to deduct from any amount payable to Consultant (whether or not arising out of this Agreement) (i) any amounts the payment of which may be in dispute hereunder or which are necessary to compensate Agency for any losses, costs, liabilities, or damages suffered by Agency, and (ii) all amounts for which Agency may be liable to third parties, by reason of Consultant's acts or omissions in performing or failing to perform Consultant's obligation under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by Consultant, Agency may withhold from any payment due, without liability for interest because of such withholding, an amount sufficient to cover such claim.

The failure of Agency to exercise such right to deduct or to withhold shall not, however, affect the obligations of the Consultant to insure, indemnify, and protect Agency as elsewhere provided herein.

7.3 Waiver. No delay or omission in the exercise of any right or remedy by a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

7.4 Termination Prior to Expiration of Term. Either party may terminate this Agreement at any time, with or without cause, upon thirty (30) days' written notice to the other party. Upon receipt of any notice of termination, Consultant shall immediately cease all work or services hereunder except such as may be specifically approved by the Contract Officer. Consultant shall be entitled to compensation for the reasonable value of the work product actually produced prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation and Agency shall be entitled to reimbursement for any compensation paid in excess of the services rendered.

7.5 Completion of Work After Termination for Default of Consultant. If termination is due to the failure of the Consultant to fulfill its obligations under this Agreement, Agency may, after compliance with the provisions of Section 7.2, take over the work and prosecute the same to completion by contract or otherwise, and the Consultant shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the Agency shall use reasonable efforts to mitigate such damages), and Agency may withhold any payments to the Consultant for the purpose of set-off or partial payment of the amounts owed the Agency as previously stated.

7.6 Attorneys' Fees. If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, shall be entitled to reasonable attorneys' fees, whether or not the matter proceeds to judgment, and to all other reasonable costs for investigating such action, taking depositions and discovery, including all other necessary costs the court allows which are incurred in such litigation.

## 8.0 AGENCY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION

8.1 Non-liability of Agency Officers and Employees. No officer or employee of the Agency shall be personally liable to the Consultant, or any successor in interest, in the event of any default or breach by the Agency or for any amount which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

8.2 Conflict of Interest; Agency. No officer or employee of the Agency shall have any financial interest in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which affects his financial interest or the financial interest of any corporation, partnership or association in which he is interested, in violation of any State statute or regulation.

8.3 Conflict of Interest: Consultant. Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement. Consultant shall comply with all conflict of interest laws and regulations. Accordingly, should the City Manager determine that Consultant will be performing a specialized or general service for the Agency and there is substantial likelihood that the Consultant's work product will be presented, either written or orally, for the purpose of influencing a governmental decision, the Consultant and its officers, agents or employees, as applicable, shall be subject to the Agency's Conflict of Interest Code.

8.4 Covenant Against Discrimination. Consultant covenants that, by and for itself, its executors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the performance of this Agreement. Consultant shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, marital status, national origin or ancestry.

## 9.0 MISCELLANEOUS PROVISIONS

9.1 Notice. Any notice or other communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the Agency, to the Executive Director, Lawndale Successor Agency, City of Lawndale, 14717 Burin Avenue, Lawndale, California 90260, and in the case of the Consultant, to the person at the address designated on the execution page of this Agreement. Either party may change its address by notifying the other party of the change of address in writing. Notice shall be deemed communicated at the time personally delivered or in seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

9.2 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

9.3 Integration; Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by an instrument in writing signed by both parties.

9.4 Severability. Should a portion of this Agreement be declared invalid or unenforceable by a judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

9.5 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is

formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date first written above.

**AGENCY:**  
LAWNDALE SUCCESSION AGENCY,  
a municipal corporation

By: Harold E. Hofmann  
Harold E. Hofmann, Chairman

ATTEST:

Paula Hartwill  
Paula Hartwill, Secretary

APPROVED AS TO FORM:  
Aleshire & Wynder, LLP

Tiffany J. Israel  
Tiffany J. Israel, General Counsel

**CONSULTANT:**  
Marcum, LLP,  
a Limited Liability Corporation

By: Sheri J. Lejman  
Name: Sheri J. Lejman  
Title: Partner

By: Steve Rapattoni  
Name: Steve Rapattoni  
Title: Partner-in-charge

Address: 2 Park Plaza, Suite 1200  
Irvine, CA 92614

EXHIBIT "A"

SCOPE OF SERVICES

ANNUAL AUDIT REQUIREMENTS

Pursuant to this Agreement, Consultant shall provide the following services:

General Requirements

- A. Consultant shall perform a comprehensive audit of the Agency's financial statements for the year ending June 30, 2013.
- B. The audit basis will be that of Generally Accepted Accounting Principles (GAAP) and in conjunction with the rules set by the Governmental Accounting Standards Board (GASB).

Services to be Provided by Consultant:

- A. Report on the fair presentation of the Agency's financial statements.
- B. Report on compliance and on internal control with respect to the Agency.
- C. Render a Management Letter disclosing any material findings or recommendations.

EXHIBIT "B"

SPECIAL REQUIREMENTS

Section 6.3 shall be replaced by the following language:

"Section 6.3 Ownership of Documents

All workpaper (scheduling) documents created by Consultant, its employees, subcontractors and agents during the performance of Consultant's duties under this Agreement, including related electronic media and copies of Agency supplied documentation is the property of Consultant. Any original documentation provided by Agency will be returned to Agency prior to completion of the required services. Any final financial statements created by Consultant in performance of its duties along with the opinion from the Consultant will become the property of the Agency upon completion of the required services by Consultant and payment by the Agency of all amounts owed Consultant."

EXHIBIT "C"

SCHEDULE OF COMPENSATION

The cost to complete the 2012-2013 audit shall not exceed \$35,000.00. The hourly rates for the audit team shall be as follows:

Partners	\$375/hr
Senior Managers and Managers	\$175-\$300/hr
Accounting Seniors & Staff	\$125/hr

Fees shall be billed as time is incurred in 15 minute increments.

The Consultant may request monthly progress payments for work already completed in a manner consistent with this Agreement.

The Consultant will not be reimbursed for travel time or expenses unless the expenses and the related overhead are approved in writing by the City before the expenses are incurred.

The Contract Sum shall include the attendance of Consultant at all project meetings reasonably deemed necessary by the Agency.

EXHIBIT "D"

SCHEDULE OF PERFORMANCE

Schedule of 2012-2013 Fiscal Year Audit

- |    |                     |               |
|----|---------------------|---------------|
| 1. | Entrance Conference | August 2013   |
| 2. | Interim Work        | August 2013   |
| 3. | Detailed Audit Plan | August 2013   |
| 4. | Fieldwork           | October 2013  |
| 5. | Exit Conference     | November 2013 |
| 6. | Draft Reports       | December 2013 |
| 7. | Final Reports *     | December 2013 |

\* The final signed report, which shall include a print-quality as well as an electronic copy, will be delivered to the Agency's Finance Director by the close of December 2013.



# OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE LAWNDALE REDEVELOPMENT AGENCY

14717 BURIN AVENUE, LAWNDALE, CALIFORNIA 90260  
PHONE (310) 973-3200, FAX (310) 644-4556  
www.lawndalecity.org

DATE: May 22, 2014

TO: Honorable Chairman and Agency Members

FROM: Otis Ginoza, Deputy City Manager *OWG*  
Ken Louie, Finance Director

SUBJECT: Approve a Repayment Schedule for Loan Agreements and Reimbursement Agreements between the City and Redevelopment Agency

## BACKGROUND

During the former Lawndale Redevelopment Agency's (Former RDA) existence, it borrowed money from the City of Lawndale (City) and from time to time repaid funds to the City. The City and Former RDA also entered into reimbursement agreements in which the City agreed to construct public improvements for the Former RDA and the Former RDA agreed to repay the City its cost of constructing the improvements. The State of California had taken the position that the loans and reimbursement agreements between cities and redevelopment agencies were invalidated by ABx1 26 which eliminated redevelopment agencies. However, AB 1484 allows oversight boards to reactivate loan and reimbursement agreements with cities with the approval of the California Department of Finance (DOF).

The Oversight Board for the Lawndale Successor Agency has reactivated five loans and one reimbursement agreement which are described on Exhibit 1. The reactivation of the loans and the reimbursement agreement was approved by the DOF. Subsequently, the loans and reimbursement agreements were listed on ROPS 14-15A which was also approved by the DOF.

At the time of their dissolution, many redevelopment agencies owed money to their low and moderate income housing funds. Before a successor agency can repay debt to a city, it must fully repay any debt owed to its low and moderate income housing fund.

Since payments from successor agencies to cities were to begin with ROPS 14-15A, the DOF sent an e-mail dated January 31, 2014, to successor agencies (See Exhibit 2) which advised that each oversight boards should approve a repayment schedule for its successor agency debt to its housing fund. The Oversight Board approved a repayment schedule for the Low and Moderate Income Housing Fund (Oversight Board Resolution 2014-8) on February 20, 2014, and it was subsequently approved by the DOF.

## STAFF REVIEW

The January 31, 2014, an email from DOF (Exhibit 2) stated that oversight boards should approve repayment schedules for housing fund debt, but did not state whether or not oversight boards need to approve repayment schedules for the repayment of loan agreements and reimbursement agreements with cities. Following the January 31, 2014, e-mail, Successor Agency staff contacted the DOF on two occasions to ask if the Oversight Board needed to approve repayment schedules for the five city loans and one reimbursement agreement. Staff received conflicting responses and is therefore unsure if the schedules are required. Therefore, out of an abundance of caution, staff recommends that the Oversight Board approve a loan repayment schedule for the loans and reimbursement agreement to ensure the Successor Agency's ability to provide payments to the City.

The attached Oversight Board Resolution 2014-12 approves a repayment schedule for the five loan agreements and one reimbursement agreement that have been reactivated by the Oversight Board.

### **City Loans to the Former RDA**

The Former RDA borrowed funds from the City to pay for staff, environmental reviews, the studies required to establish Lawndale's one redevelopment project area, other administrative costs, the costs for capital projects, and for land acquisition. On February 20, 2014, the Oversight Board reactivated five loan agreements which are described below:

**1. 2000 Cooperation and Loan Agreement – Resolution 2014-1**

On July 10, 2000, the City and Former RDA approved an agreement in which the City agreed to advance the Former RDA funds for expenditures related to the adoption of the redevelopment plan, for Former RDA operating expenditures and for capital projects. The City advanced the Former RDA \$4,306,584.

**2. 2000 Financing Agreement – Resolution 2014-2**

In the year 2000, the Former RDA had not yet begun to receive tax increment, but wished to begin, among other projects, the acquisition of parcels for a car dealership. Using the authority provided in the 2000 Cooperation and Loan Agreement, the City and Former RDA approved the 2000 Financing Agreement in which the City agrees to loan the Former RDA \$7,000,000.

**3. 2001 Amendment to the Cooperation and Loan Agreement – Resolution 2014-3**

On June 18, 2001, the City and Former RDA approved an amendment that extended City funding for Former RDA operations and capital expenditures to the end of FY 2002 (June 30, 2002). The City advanced the Former RDA a total of \$4,185,977.

**4. 2009 Loan Agreement – Acquisition of 4432 Manhattan Beach Boulevard – Resolution 2014-4**

The Former RDA owned a number of vacant parcels of land at the southwest corner of Hawthorne and Manhattan Beach Boulevards. The site had an unusual configuration which hampered the Former RDA's efforts to sell it for retail development. The Former RDA wanted to purchase an adjoining trailer court to create a more developable site. The Former RDA had insufficient funds for the purchase and borrowed \$980,000 from the City.

**5. 2009 Agreement for Purchase and Sale of Real Property –Community Center Site – Resolution 2014-5**

The Former RDA wished to construct a new community center for use by residents of the redevelopment project area. Portions of the selected site were owned by the City of Lawndale and portions were owned by the Former RDA. On December 2009, the City and Former RDA

entered into an agreement in which the City agreed to sell its parcels to the Former RDA. Under the agreement, the Former RDA paid the City a portion of the purchase price in cash and the City agreed to loan the Former RDA the remainder of the purchase price. The original loan to the Former RDA was \$912,000.

### **City Reimbursement Agreement with the Former RDA**

In addition to loan agreements, the City and Former RDA also entered into reimbursement agreements. The Former RDA funded many public improvements in the City of Lawndale. The Former RDA formed a partnership with the City to build the new Community Center, Hopper Park, and other public improvements. For each project, the Former RDA provided the funding and the City undertook the construction. This partnership was authorized by a Public Works Agreement entered into by both bodies on October 16, 2006. The Public Works Agreement was a cooperation agreement and also a reimbursement agreement between the City and Former RDA. Typically, the City entered into a construction contract for the public improvements, paid the invoices and was reimbursed by the Former RDA.

The Public Works Agreement listed a park at 162<sup>nd</sup> Street as a project that the Former RDA would fund and the City would build. In 2010, the Former RDA initiated the development of the park on 162<sup>nd</sup> Street (now known as Hopper Park) the City contracted for the construction of the park. The Former RDA reimbursed the City for most of its costs to construct the park. However, the City was able to obtain a loan in the amount of \$830,100 from the State of California Infrastructure Bank and Economic Development Bank (I-Bank) and used the proceeds for a portion of the construction cost. The I-Bank provided sale leaseback financing which required that the loan be secured with a public facility. Since the Former RDA owned no facilities, the City was the loan recipient and pledged the Public Works Yard as security for the loan.

The Former RDA could have reimbursed to the City the full \$830,100 I-bank loan amount at the completion of construction. However, it was decided to be more reasonable for the Former RDA to reimburse the City each year for its loan payments to the I-Bank. The I-Bank loan payment schedule is attached as Exhibit C. The Former RDA reimbursed the City for I-Bank loan payments for two years until the payments were halted by the dissolution of the Former RDA.

The Successor Agency wished to reactivate the Public Works Agreement with respect to Hopper Park so that it could resume the reimbursements to the City for the I-Bank loan payments. On May 30, 2013, the Oversight Board approved Resolution 2013-6 which reactivated the Public Works Agreement with respect to Hopper Park. The DOF approved Resolution 2013-6 in a letter dated July 23, 2013.

### **Repayment Schedule**

AB 1484 (HSC 34176(e)(6)(B)) sets an upper limit (Maximum Repayment) on the total of all loan payments and reimbursements that a successor agency may provide to a city each year as follows:

“..the maximum repayment amount authorized each fiscal year for repayments...shall be equal to one-half of the increase between the amount distributed to taxing entities pursuant to paragraph (4) of the subdivision (a) of Section 34183 in that fiscal year and

The Successor Agency would like to first, reimburse the City for I-bank loan payments (Hopper Park) that it paid in the prior fiscal year and second to divide the remainder of the Maximum Payment to the City among the, currently five, loan agreements between the City and Former RDA. The remaining funds would be divided among the City loans in proportion to the original loan amounts.

It is not possible to prepare a fixed repayment schedule. The Maximum Repayment each fiscal year from the Successor Agency to the City is fixed by the formula contained in HSC 34176(e)(6)(B). Unfortunately, that formula uses as a variable the amount of property tax available to the Successor Agency each year. The amount will change as real estate values fluctuate and therefore cannot be predicted accurately. Also, the DOF has currently approved the Oversight Board resolutions that reactivated five loan agreements between the City and Former RDA and also a reimbursement agreement. The DOF approved ROPS 14-15A which listed all of the loan agreements and reimbursement agreement. However, despite these approvals, the DOF has reserved the right to reconsider any of the loans or reimbursement agreements when it reviews any future ROPS submission. Therefore, any of the loan agreements could be disallowed by DOF in the future.

Since the Successor Agency cannot know the amount of the Maximum Payment in future years or if all of the currently approved loan agreements and reimbursement agreement will continue to be eligible, it cannot prepare a fixed repayment schedule with specific repayment amounts. The attached resolution provides a method for calculating the maximum loan payment and the division of the maximum loan payment among the various loan agreements and reimbursement agreement.

#### FUNDING

None required at this time.

#### RECOMMENDATION

Staff recommends that the Oversight Board adopt Resolution 2014-12, which approves a repayment schedule for the loan agreements and reimbursement agreement between the City and Successor Agency that have previously been approved by the Oversight Board and California Department of Real Estate.

#### Attachments:

- Exhibit 1 – Reactivated Loan Agreements and Reimbursement Agreements
- Exhibit 2 - DOF October 18, 2013 E-mail
- Resolution 2014-12
  - Exhibit A to Resolution 2014-12
  - Exhibit B – I-Bank Loan (Hopper Park) Debt Service Schedule

Exhibit B – I-Bank Loan (Hopper Park) Debt Service Schedule

## Exhibit 1 Reactivated Loan Agreements and Reimbursement Agreements

Date of Agreement	Name of Agreement	Oversight Board Resolution #	Date of Approval Letter	ROPS Item #	Original Loan Amount	Percent of Loan Total

### Lawndale Redevelopment Agency and City of Lawndale Reimbursement Agreements

10/16/2006	Public Works Agreement	2013-6	7/23/2013	31	\$830,100	
Total					\$830,100	

### Lawndale Redevelopment Agency and City of Lawndale Loan Agreements

7/10/2000	2000 Cooperation Agreement	2014-1	4/2/2014	33	\$4,306,584	24.8%
7/10/2000	2000 Financing Agreement	2014-2	4/2/2014	34	\$7,000,000	40.3%
6/18/2001	2001 Cooperation Agreement	2014-3	4/2/2014	35	\$4,185,977	24.1%
12/7/2009	2009 Loan Agreement	2014-4	4/2/2014	36	\$980,000	5.6%
12/7/2009	2009 Purchase Agreement	2014-5	4/2/2014	37	\$912,000	5.2%
Total					\$17,384,561	100.0%

## Exhibit 2 – January 31, 2014 DOF E-mail

Otis Ginoza

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From: RedevelopmentAdministration@dof.ca.gov  
Sent: Friday, January 31, 2014 4:58 PM  
Subject: SERAF loan repayments and/or deferrals

Follow Up Flag: Follow up  
Flag Status: Red

Dear Successor Agencies:

On January 29, 2014, Finance e-mailed Successor Agencies providing guidance on former redevelopment agency (RDA)/sponsoring entity loan agreements. This sparked some inquiry related to the Supplemental Educational Revenue Augmentation Fund (SERAF) loan and deferral repayments.

HSC section 34191.4 (b) (2) (B) requires any outstanding amounts borrowed from or owed to the Low and Moderate Income Housing Fund (LMIHF) for purposes of the SERAF to be retired prior to requesting repayment for RDA/sponsoring entity loans. Pursuant to HSC section 34176 (e) (6) (B), the repayments related to SERAF are subject to the same formula restrictions as RDA/sponsoring entity loans. Specifically, the maximum repayment amount authorized each fiscal year shall be equal to one-half of the increase between "the amount distributed" to the taxing entities in that fiscal year and the amount distributed to taxing entities in the 2012-13 base year.

Further, pursuant to HSC section 34171 (d) (1) (G), amounts borrowed from, or payments owing to the LMIHF are enforceable obligations, provided the Agency's Oversight Board approves a repayment schedule. Therefore, a separate OB action is required, approving a repayment schedule for amounts due to the Low and Moderate Income Housing Asset Fund. Additionally, this OB action must be emailed individually to the RDA Administration email inbox at: Redevelopment\_Administration@dof.ca.gov.

Since the repayment is restricted to the formula outlined in HSC section 34176 (e) (6) (B), Finance would not oppose to a repayment schedule that indicated the repayment amount for each fiscal year will be equal to the maximum amount allowed pursuant to HSC section 34176 (e) (6) (B).

Sincerely,

Department of Finance  
Redevelopment Agency Administration  
(916) 445-1546

**RESOLUTION NO. 2014 -12**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
LAWNDALE SUCCESSOR AGENCY APPROVING A REPAYMENT SCHEDULE FOR LOAN  
AGREEMENTS AND A REIMBURSEMENT AGREEMENT BETWEEN THE FORMER  
REDEVELOPMENT AGENCY AND THE CITY OF LAWNDALE**

WHEREAS, pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*), the City Council of the City of Lawndale, activated the former Redevelopment Agency of the City of Lawndale (the "Former RDA") and adopted the Redevelopment Plan (the "Redevelopment Plan") for the Lawndale Economic Revitalization Project (the "Project"); and

WHEREAS, as part of the 2011-12 State budget bill, the California Legislature enacted, and the Governor signed, companion bills ABx1 26 and ABx1 27, requiring that each redevelopment agency be dissolved unless the community that created it enacts an ordinance committing it to making certain payments. On December 29, 2011, the California Supreme Court issued its opinion in the case of *California Redevelopment Association, et al. v. Ana Matosantos, etc., et al.*, Case No. S196861, and upheld the validity of ABx1 26 and invalidated ABx1 27. The Court's decision resulted in the implementation of ABx1 26, which dissolved all redevelopment agencies in the State of California as of February 1, 2012; and

WHEREAS, by operation of law under ABx1 26, the Successor Agency serves as the entity to which all powers and duties of the Former RDA inured, with the Successor Agency being charged primarily with the function of winding down the redevelopment activities of the Former RDA under AB 26; and

WHEREAS, the redevelopment dissolution laws purport to invalidate contracts executed between cities and their former redevelopment agencies, except where such interagency agreements were entered within two years of the former redevelopment agencies' formation. (Health & Safety Code § 34171(d)(2).); and

WHEREAS, on April 12, 2013, the Agency received a "finding of completion" from the DOF and on February 20, 2014, the Successor Agency applied to the Lawndale Oversight Board to have the 2009 Purchase Agreement established as enforceable obligation; and

WHEREAS, Health & Safety Code § 34191.4 provides that a successor agency that secures a "finding of completion" from the DOF pursuant to Section 34179.7 may thereafter reinstate "loan agreements entered into between the redevelopment agency and the city, county, or city and county that created by the redevelopment agency. . ." Such reinstated interagency agreements "shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes", and thus payable from Real Property Tax Trust Funds (RPTTF) over time, subject to certain limitations (Health & Safety Code § 34191.4(b)(1); and

WHEREAS, the Former RDA and the City of Lawndale entered into a cooperation agreement known as the Public Works Agreement on October 6, 2006, in which the City agreed to build a park at 162nd Street and the Former RDA agreed to reimburse the City for its cost to construct the park: and

WHEREAS, the City obtained a loan from the California Infrastructure and Economic Development Bank (I-Bank) for a portion of the cost of constructing a park at 162<sup>nd</sup> Street and as required by the Public Works Agreement the Former RDA had been reimbursing the City for the I-Bank debt service payments until the dissolution of the Former RDA when the reimbursement payments ceased; and

WHEREAS, on May 30, 2013, the Oversight Board to the Lawndale Successor Agency (Oversight Board) approved Resolution 2013-6 which found that the Public Works Agreement with respect to the park at 162<sup>nd</sup> Street, now known as Hopper Park, was for legitimate redevelopment purposes; and

WHEREAS, the California Department of Real Estate (DOF) approved Resolution 2013-6 in a letter dated July 23, 2013; and

WHEREAS, the Former RDA and the City entered into five loan agreements over a period of years and the Oversight Board approved resolutions 2014-1, 2014-2, 2014-3, 2014-4, and 2014-5 on February 20, 2014, which found that those five loan agreements were for legitimate redevelopment purposes; and

WHEREAS, the DOF approved resolutions 2014-1, 2014-2, 2014-3, 2014-4 and 2014-5 in a letter dated April 2, 2014; and

WHEREAS, HSC section 34191.4(b)(2) requires that the loans be repaid in accordance with a defined schedule over a reasonable term of years; and

WHEREAS, HSC section 34191.4(b)(2)(A) restricts the maximum repayment amount (Maximum Repayment) of loans to a city to an amount equal to one-half of the increase between the amount distributed to the taxing entities in that fiscal year and the amount distributed to taxing entities in the 2012-13 base year; and

WHEREAS, the formula for determining the Maximum Repayment as described in 34191.4(b)(2)(A) requires as a variable information regarding the annual RPTTF collected by the County Auditor Controller and as the annual RPTTF collections vary with changes in real estate values it is not possible to accurately determine the amount of the Maximum Repayment in future years; therefore, the creation of a repayment schedule with specific payment amounts in future years is not possible; and

WHEREAS, on January 31, 2014, the DOF sent an e-mail to all successor agencies stating its belief that a successor agency must adopt a repayment schedule before providing SERAF loan deferral payments and following this reasoning it may be necessary for successor agencies to approve repayment schedules for loan agreements and reimbursement agreements as well; and

WHEREAS, in its January 31, 2014, the DOF stated that it would accept repayment schedules which indicated that the repayment amount for each fiscal year will be equal to the maximum amount allowed pursuant to HSC section 34176 (e)(6)(B); and

WHEREAS, the Successor Agency understands that the DOF has reserved the right to subsequently disallow loan and reimbursement agreements after they have been approved by the DOF

and therefore the number of loan and reimbursement agreements that are recognized obligations may change; and

WHEREAS, the Successor Agency wishes to provide the Maximum Repayment amount each fiscal year and to apply the repayment amount to all of the loan agreements, currently five, and reimbursement agreements, currently one, listed on the Recognized Obligation Payment Schedule and approved by the DOF at the time of the payment; and

WHEREAS, the Successor Agency wishes to first apply the Maximum Repayment to reimburse the City for I-Bank loan payments made by the City in the prior fiscal year as required by the reimbursement agreement known as the Public Works Agreement and to apply the remaining funds to the City loan agreements listed on the approved ROPS at the time of payment with the payment divided among the loans in proportion to the original loan amounts as further described in Exhibit A to this Resolution.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE LAWDALE REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The recitals above are true and correct and incorporated herein by this reference.

SECTION 2. That the Oversight Board approves a repayment schedule for loans and reimbursement agreements with the City of Lawndale that are now listed on the Recognized Obligation Payment Schedule as enforceable obligations, now and in the future, in which the repayment for each fiscal year for all loan agreements and reimbursement agreements with the City will be equal to the Maximum Repayment amount allowed pursuant to HSC section 34176(e)(6)(B) as further described in Exhibit A, attached hereto and incorporated herein.

SECTION 3. That the Oversight Board approves a repayment schedule that allocates the Maximum Repayment amount allowed pursuant to HSC section 34176(e)(6)(B) first to the reimbursement agreements, currently one known as the Public Works Agreement, and then to the City loan agreements, currently five, in proportion to the original loan amounts.

SECTION 4. That, pursuant to California Health and Safety Code Section 34179(h), this action by the Lawndale Oversight Board shall be effective five business days from the date of this Resolution, pending a request for review by the California Department of Finance.

SECTION 6. The Finance Director of the Lawndale Successor Agency or the authorized designee is directed to post this Resolution on the Lawndale Successor Agency's website pursuant to the Dissolution Act.

PASSED, APPROVED AND ADOPTED this 22nd day of May, 2014.

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Chair

ATTEST:

State of California            )  
County of Los Angeles        )     SS  
City of Lawndale             )

I, Otis Ginoza, Secretary of the Oversight Board of the Successor Agency of the Lawndale Redevelopment Agency, do hereby certify that the Members of the Oversight Board of the Successor Agency to the Lawndale Redevelopment Agency duly approved and adopted the foregoing Resolution No. 14-12 at a regular meeting of said Oversight Board held on the 22<sup>nd</sup> day of May, 2014, by the following roll call vote:

Ayes:

Noes:

Absent:

Abstain:

\_\_\_\_\_  
Secretary

# Exhibit A

## Lawndale Successor Agency

### Reimbursement Agreement & Loan Agreement Repayment Schedule

Payment Period	Payment Amount
ROPS 14-15B*	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B) less final payment of housing fund debt*
ROPS 15-16A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 15-16B	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 16-17A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 16-17B	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 17-18A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 17-18B	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 18-19A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 18-19B	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 19-20A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 19-20B	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 20-21A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 20-21B	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 21-22A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 21-22B	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 22-23A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 22-23B	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 23-24A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 23-24B	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 24-25A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 24-25B	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 25-26A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 25-26B	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 26-27A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 26-27B	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 27-28A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 27-28B	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 28-29A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 28-29B	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 29-30A	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)
ROPS 29-30B**	1/2 Maximum annual amount allowed pursuant to HSC Section 34176(e)(6)(B)

\*Most of the maximum allowable payment for the ROPS 14-15B period will be used to retire a debt the low and moderate income housing fund.

\*\*The Successor Agency believes that the reimbursement agreement and loan agreements will be repaid by FY 2029-2030. However, the date that the debts to the City of Lawndale will be retired cannot be determined in advance since the payment amounts are unknown.

Exhibit A (continued)  
Lawndale Successor Agency  
Reimbursement Agreement & Loan Agreement Repayment Schedule

**Allocation of Maximum HSC Section 34176(e)(6(B) Repayment**

- 1 Reimburse City of Lawndale for California I-Bank Loan Payments related to the construction of Hopper Park made in the prior year (see Exhibit B - Debt Service Schedule) as provided by the Public Works Agreement
- 2 Allocate the remainder of the Maximum Repayment to any loan agreements with the City of Lawndale that have been approved by the Oversight Board and the California Department of Finance in proportion to the original loan amount.

**Exhibit B**

**Debt Service Schedule for Hopper Park  
California I-Bank Loan**

**PAYMENT SCHEDULE**

**EXHIBIT F**

BASE RENTAL PAYMENTS

City of Lawndale – CIEDB Agreement No. BC04-090

NOTE: The Base Rental Payments below shall conform to the following guidelines:

This schedule is based on a term of 20 years from the Effective Date at an interest rate of 3.35% per annum and indicates what the Base Rental Payments will be over the course of the Facility Lease. Base Rental Payments shall have an interest only component through July 31, 2010.

The interest component of each Base Rental Payment shall be calculated on the basis of a 360-day year of twelve 30-day months. Any installment of a principal component or an interest component of a Base Rental Payment that is not paid when due shall continue to accrue interest at the lesser of twelve percent (12%) per annum or the maximum rate permitted by law from and including the Base Rental Payment date with respect to which such principal component or interest component is payable to but not including the date of actual payment.

Base Rental Payment billing statements will be mailed to the Lessee reflecting the actual amount owed prior to each Base Rental Payment due date. With the exception of the annual fee, any Additional Rental Payments will be billed separately as the cost is incurred.

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment (Fiscal Year) Ending 30 Jun
1-Feb-2010	\$830,100.00						
1-Aug-2010	\$800,291.63	\$29,808.47	\$13,904.18	\$43,712.64	\$2,490.30	\$46,202.94	
1-Feb-2011			\$13,404.88	\$13,404.88		\$13,404.88	\$59,607.83
1-Aug-2011	\$769,484.48	\$30,807.06	\$13,404.88	\$44,211.93	\$2,490.87	\$46,612.81	
1-Feb-2012			\$12,888.87	\$12,888.87		\$12,888.87	\$59,501.67
1-Aug-2012	\$737,645.39	\$31,839.09	\$12,888.87	\$44,727.95	\$2,308.45	\$47,036.41	
1-Feb-2013			\$12,355.56	\$12,355.56		\$12,355.56	\$59,391.97
1-Aug-2013	\$704,739.70	\$32,905.70	\$12,355.56	\$45,261.26	\$2,212.94	\$47,474.19	
1-Feb-2014			\$11,804.39	\$11,804.39		\$11,804.39	\$59,278.58
1-Aug-2014	\$670,731.66	\$34,008.04	\$11,804.39	\$45,812.43	\$2,114.22	\$47,926.65	
1-Feb-2015			\$11,234.76	\$11,234.76		\$11,234.76	\$59,161.40
1-Aug-2015	\$635,584.35	\$35,147.31	\$11,234.76	\$46,382.06	\$2,012.19	\$48,394.26	
1-Feb-2016			\$10,646.04	\$10,646.04		\$10,646.04	\$59,040.29
1-Aug-2016	\$599,259.61	\$36,324.74	\$10,646.04	\$46,970.78	\$1,906.75	\$48,877.53	
1-Feb-2017			\$10,037.60	\$10,037.60		\$10,037.60	\$58,915.13
1-Aug-2017	\$561,717.99	\$37,541.62	\$10,037.60	\$47,579.22	\$1,797.78	\$49,377.00	
1-Feb-2018			\$9,408.78	\$9,408.78		\$9,408.78	\$58,785.77
1-Aug-2018	\$522,918.73	\$38,799.26	\$9,408.78	\$48,208.04	\$1,685.15	\$49,893.19	
1-Feb-2019			\$8,758.89	\$8,758.89		\$8,758.89	\$58,652.08
1-Aug-2019	\$482,819.69	\$40,099.04	\$8,758.89	\$48,857.93	\$1,568.76	\$50,426.68	
1-Feb-2020			\$8,087.23	\$8,087.23		\$8,087.23	\$58,513.91
1-Aug-2020	\$441,377.33	\$41,442.36	\$8,087.23	\$49,529.59	\$1,448.46	\$50,978.05	
1-Feb-2021			\$7,393.07	\$7,393.07		\$7,393.07	\$58,371.12
1-Aug-2021	\$398,546.65	\$42,830.68	\$7,393.07	\$50,223.75	\$1,324.13	\$51,547.88	
1-Feb-2022			\$6,675.66	\$6,675.66		\$6,675.66	\$58,223.54
1-Aug-2022	\$354,281.15	\$44,265.50	\$6,675.66	\$50,941.16	\$1,195.64	\$52,136.80	
1-Feb-2023			\$5,934.21	\$5,934.21		\$5,934.21	\$58,071.01
1-Aug-2023	\$308,532.75	\$45,748.40	\$5,934.21	\$51,682.61	\$1,062.84	\$52,745.45	

1-Feb-2024			\$5,167.92	\$6,167.92		\$5,167.92	\$57,913.37
1-Aug-2024	\$201,251.78	\$47,280.97	\$5,167.92	\$52,448.89	\$925.60	\$53,374.49	
1-Feb-2025			\$4,375.97	\$4,375.97		\$4,375.97	\$57,750.46
1-Aug-2025	\$212,386.90	\$48,864.88	\$4,375.97	\$53,240.85	\$783.76	\$54,024.61	
1-Feb-2026			\$3,557.48	\$3,557.48		\$3,557.48	\$57,582.09
1-Aug-2026	\$161,885.04	\$50,601.66	\$3,557.48	\$54,059.34	\$637.16	\$54,696.50	
1-Feb-2027			\$2,711.57	\$2,711.57		\$2,711.57	\$57,408.07
1-Aug-2027	\$109,691.37	\$52,193.67	\$2,711.57	\$54,905.24	\$485.66	\$55,390.90	
1-Feb-2028			\$1,837.33	\$1,837.33		\$1,837.33	\$57,228.23
1-Aug-2028	\$55,749.22	\$53,942.16	\$1,837.33	\$55,779.49	\$329.07	\$56,108.56	
1-Feb-2029			\$933.80	\$933.80		\$933.80	\$57,042.36
1-Aug-2029		\$55,749.22	\$933.80	\$56,683.02	\$167.25	\$56,850.27	\$56,850.27
Total Payments:		\$830,100.00	\$308,332.17	\$1,138,432.17	\$28,856.99	\$1,167,289.16	\$1,167,289.16

**RESOLUTION NO. 2014 -13**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
LAWNDALE SUCCESSOR AGENCY APPROVING THE MINUTES OF THE OVERSIGHT  
BOARD MEETING OF FEBRUARY 20, 2014**

WHEREAS, the Oversight Board of the Lawndale Successor Agency met on May 22, 2014;  
and

WHEREAS, at the Oversight board's meeting of on May 22, 2014, the Oversight Board considered the minutes of the February 20, 2014 meeting and the approval of said minutes.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE LAWNDALE REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct and incorporated herein, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. That the Oversight Board hereby approves the minutes of the Oversight Board's February 20, 2014 meeting.

SECTION 3. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to the end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity or any particular portion of this Resolution.

SECTION 4. Pursuant to Health and Safety Code section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

SECTION 5. The Secretary of the Successor Agency or the authorized designee is directed to post this Resolution on the Successor Agency's website pursuant to the Dissolution Act.

PASSED, APPROVED AND ADOPTED this 22nd day of May, 2014.

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Chair

ATTEST:

State of California            )  
County of Los Angeles        )     SS  
City of Lawndale             )

I, Otis Ginoza, Secretary of the Oversight Board of the Successor Agency of the Lawndale Redevelopment Agency, do hereby certify that the Members of the Oversight Board of the Successor Agency to the Lawndale Redevelopment Agency duly approved and adopted the foregoing Resolution No. 2014-13 at a regular meeting of said Oversight Board held on the 22nd day of May, 2014, by the following roll call vote:

Ayes:

Noes:

Absent:

Abstain:

\_\_\_\_\_  
Secretary

**MINUTES OF THE  
LAWNDALE SUCCESSOR AGENCY  
OVERSIGHT BOARD REGULAR MEETING  
FEBRUARY 20, 2014, 4:00 P.M.**

**A. CALL TO ORDER**

The regular meeting of the Lawndale Successor Agency Oversight Board was called to order at 4:05 p.m. in the City Hall council chamber, 14717 Burin Avenue, Lawndale, California by Chair Waite.

**B. ROLL CALL**

Board Members Present: Pat Flynn, Joann Higdon, Michael Stewart, Greg Tsujiuchi, Barry Waite.

Board Members Absent: Steve Mandoki, John Vinke.

Also Present: Otis Ginoza, Lawndale Deputy City Manager, Ken Louie, Lawndale Finance Director, DeDe Tran, Lawndale Associate Planner.

**C. PLEDGE OF ALLEGIANCE**

Flag Salute - led by Board Member Higdon

**D. ADMINISTRATION – NEW BUSINESS**

1. UPDATE

**Deputy City Manager Ginoza** provided an update regarding the Successor Agency, and the Department of Finance since the last meeting, including that the State Senate passed Bill 471 on February 18<sup>th</sup> that permits an enforceable obligation on the Redevelopment Obligation Retirement Fund (ROPS) to the Lawndale Housing Authority to provide an administrative cost allowance of \$150,000 per year for four years. As the bill was signed into law as an urgency measure and is effective immediately, the ROPS 14-15A, was amended to include this change as noted further in item D 3.

2. REACTIVATE CITY LOAN AGREEMENTS

**Deputy City Manager Ginoza** delivered staff report. Staff recommends that the Oversight Board adopt Resolution 2014-1, Resolution 2014-2, Resolution 2014-3, Resolution 2014-4, and Resolution 2014-5, approving loans from the City to the Agency and finding that the loan indebtedness of the former Agency is an enforceable obligation and finding that the loans were for legitimate redevelopment purposes.

**Chair Waite** questioned whether the State truly desired for this methodology when it does not appear to serve their purposes. **Deputy City Manager Ginoza** acknowledged the seeming contradiction but noted that he spoke with State and this was their desire.

**Board Member Flynn made a motion to adopt Resolutions 2014-1, 2014-2, 2014-3, 2014-4, and 2014-5 and seconded by Board Member Stewart. Motion carried unanimous with Board Members Mandoki and Vinke absent.**

3. ROPS 14-15A

**Deputy City Manager Ginoza** delivered staff report. Staff recommends that the Oversight Board adopt Resolution 2014-6 approving ROPS 14-15A, Resolution 2014-7 approving the Sixth Administrative Budget for the period, July 1 to December 31, 2014, and authorize staff to revise ROPS 14-15A and the Sixth Administrative Budget as required by the California Department of Finance, additionally, as noted in item D 1, staff recommends that the ROPS be amended following Senate Bill 471 to provide a line item of \$150,000 administrative costs to be directed to the Lawndale Housing Authority.

**Board Member Higdon** questioned whether ROPS item 2 needed to be converted to a permanent loan. **Deputy City Manager Ginoza** answered that it was a repayment to the State and did not need to convert.

**Board Member Stewart made a motion to adopt Resolutions 2014-6 and 2014-7 as amended and seconded by Board Member Tsujiuchi. Motion carried unanimous with Board Members Mandoki and Vinke absent.**

4. SERAF LOAN REPAYMENT SCHEDULE

**Deputy City Manager Ginoza** delivered staff report. Staff recommends that the Oversight Board adopt Resolution 2014-8, approving a repayment schedule for the Successor Agency's SERAF debt to the Low and Moderate Income Housing Fund.

**Board Member Stewart** clarified with this repayment; it will be the first budget that the Housing Authority has had since Redevelopment dissolution.

**Board Member Tsujiuchi made a motion to adopt Resolutions 2014-8 and seconded by Board Member Flynn. Motion carried unanimous with Board Members Mandoki and Vinke absent.**

**E. CONSENT CALENDAR**

1. MINUTES OF SEPTEMBER 4, 2013 MEETING

**The Oversight Board approved the Minutes of September 4, 2013 by consensus with Board Members Mandoki and Vinke absent.**

**F. PUBLIC COMMENTS**

None

**G. ITEMS FROM SECRETARY/ADMINISTRATIVE CLERK**

**Board Member Steward** questioned if staff has sent an inquiry letter regarding State Senate passed Bill 471. **Deputy City Manager Ginoza** said that staff will likely be corresponding with the state once full analysis has been conducted.

**H. ITEMS FROM BOARD MEMBERS**

**Board Member Higdon** notified the Oversight Board and staff that there are new Brown Act rules that may affect the record keeping. There was a brief discussion regarding the scheduling of the next meeting but no decision for a date was arrived upon.

**I. ADJOURNMENT**

There being no further business to conduct, the meeting was adjourned at 4:25 p.m.

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Barry Waite, Chair

ATTEST:

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Otis W. Ginoza, Deputy City Manager

/dt