RESOLUTION NO. 2014 -1

A RESOLUTION OF THE OVERSIGHT BOARD OF THE LAWNDALE SUCCESSOR AGENCY FINDING THAT THE LOAN INDEBTEDNESS OF THE FORMER LAWNDALE REDEVELOPMENT AGENCY TO THE CITY OF LAWNDALE CREATED BY THE COOPERATION AND LOAN AGREEMENT BETWEEN THE CITY OF LAWNDALE AND THE LAWNDALE REDEVELOPMENT AGENCY FOR FUNDING CAPITAL IMPROVEMENT PROJECTS AND ADMINISTRATIVE EXPENSES IS AN ENFORCEABLE OBLIGATION OF THE LAWNDALE SUCESSOR AGENCY AND THAT THE LOAN WAS FOR LEGITIMATE REDEVELOPMENT PURPOSES

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, pursuant to the Community Redevelopment Law, prior to February 1, 2012, the Former RDA was performing a public function and had access to services and facilities of the City; and

WHEREAS, on July 10, 2000, the Former RDA and the City approved the Cooperation and Loan Agreement Between the City of Lawndale and the Lawndale Redevelopment Agency for Funding Capital Improvement Projects and Administrative Expenses ("2000 Cooperation Agreement") which authorized the City to loan to the Former RDA funds for expenditures related to the adoption of the redevelopment plan, for operating expenditures, and for capital projects; and

WHEREAS, using the authority of the 2000 Cooperation Agreement, the City loaned the Former RDA $4,306,584 (Three million two hundred sixty thousand eight hundred and eighty-four dollars); 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).) Under this precept, the 2000 Cooperation Agreement between the Former RDA and the City was deemed by the State Department of Finance ("DOF") to be invalid; and

WHEREAS, even though DOF considers the 2000 Cooperation Agreement to be currently invalid, 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 over time, subject to certain limitations (Health & Safety Code § 34191.4(b)(1); and

WHEREAS, 1) Health & Safety Code § 33220 which authorizes any public body to enter into an agreement with a redevelopment agency for the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of redevelopment projects located within the jurisdiction in which such public body is authorized to act, upon the terms and with or without consideration as such public body determined; 2) Health & Safety Code § 33220 and municipal police powers which provide cities with the authority to aid and cooperate with redevelopment agencies in the planning, undertaking, construction or operation of redevelopment projects within the area in which city and agency were authorized to act; and 3) Health & Safety Code § 33126(b), which allowed redevelopment agencies to enter into a contract with any other public agency pursuant to which such public agency furnishes necessary staff services associated with or required by redevelopment and these are the precise purposes for which the 2000 Cooperation Agreement between the City and the Former RDA was developed and implemented; 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 2000 Cooperation Agreement established as enforceable obligation; and

WHEREAS, Health & Safety Code § 34191.4 (b) specifies the interest rate that must be used to calculate the balance of the loan authorized by the 2000 Cooperation Agreement and also describes a method to determine a repayment schedule.

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

SECTION 1. The recitals above are true and correct and incorporated herein by this reference and the 2000 Cooperation Agreement is incorporated herein as Exhibit A.

SECTION 2. The Oversight Board hereby finds (1) that the City advanced funds under the 2000 Cooperation Agreement to pay for redevelopment projects and programs; (2) that the obligation to repay those funds was a loan indebtedness of the Former RDA; (3) that the obligation to repay such indebtedness with interest is an enforceable obligation of the Successor Agency to the City under Health and Safety Code Section 34191.4(b); and (4) that these funds were used for legitimate redevelopment purposes for the reasons set forth above and in the 2000 Cooperation Agreement.

SECTION 3. The Oversight Board hereby approves the request by the Successor Agency to recognize such loan indebtedness as an enforceable obligation of the Successor Agency under Health and Safety Code Section 34191.4(b).

SECTION 4. The Oversight Board directs the Successor Agency to place the 2000 Cooperation Agreement on the Recognized Obligation Payment Schedule and recalculate the loan balance and determine a repayment schedule in accordance with HSC 34191.4 (b).

SECTION 5. 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 20th day of February, 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. 14-1 at a regular meeting of said Oversight Board held on the 20th day of February, 2014, by the following roll call vote:

Ayes: Patricia Flynn, Joann Higdon, Michael Stewart, Greg Tsujiuchi, Barry Waite

Noes:

Absent: Steve Mandoki, John Vinke

Abstain:

Secretary