

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

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

WHERAS, 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 162nd 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

WHERAS, 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 162nd Street, now known as Hopper Park, was for legitimate redevelopment purposes; and

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

WHERAS, 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

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

WHERAS, 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

WHERAS, 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

WHERAS, 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

WHERAS, 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

WHERAS, 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

WHERAS, 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.


Chair

ATTEST:

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

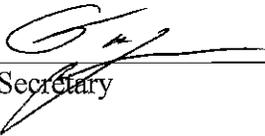
I, Otis Ginoza, Secretary of the Oversight Board of the Successor Agency of the Lawndale Redevelopment Agency, do hereby certify that the Members of the Oversight Board of the Successor Agency to the Lawndale Redevelopment Agency duly approved and adopted the foregoing Resolution No. 14-12 at a regular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

Ayes: Patricia Flynn, Michael Stewart, Barry Waite, Greg Tsujiuchi, Steve Mandoki, John Vinke

Noes:

Absent: Joann Higdon

Abstain:


Secretary