

Honorable Chair and Members  
of the City of Torrance Oversight Board  
City Hall  
Torrance, California

Board Meeting of  
February 26, 2014

**SUBJECT: Finding that the loan agreements between the Former Redevelopment Agency and the City are for legitimate redevelopment purposes**

**RECOMMENDATION**

Recommendation that the Oversight Board adopt a **RESOLUTION** finding the loan agreements between the City and the Former Redevelopment Agency of the City of Torrance listed in the ROPS 2014-15A as legitimate obligations of the Former Redevelopment Agency in accordance with AB 1484.


**BACKGROUND AND ANALYSIS**

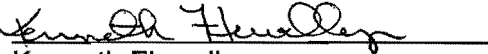
On September 25, 2013 your honorable body approved ROPS 2013-14B. Included in the ROPS were loans made between the City of Torrance and the Former Redevelopment Agency of the City of Torrance. In accordance with AB 1484 the loans were eligible to be placed on the ROPS after the City of Torrance received a finding of completion (FOC) letter from the Department of Finance. The City received the FOC on March 21, 2013 and as a result, submitted the ROPS 2013-14B to your Honorable Body for approval. In the agenda that was submitted for your approval, staff requested that you approve the ROPS and find the loan agreements as legitimate obligations of the former Redevelopment Agency.

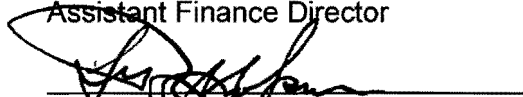
On February 25, 2014 an email was received from Los Angeles County (Attachment B) stating that a separate agenda item would need to be approved by your Honorable Body stating that the loan agreements listed on the ROPS 2014-15A were legitimate obligations of the former Redevelopment Agency.

Staff recommends that the Oversight Board adopt a **RESOLUTION** finding the loan agreements between the City and the Former Redevelopment Agency of the City of Torrance listed in the ROPS 2014-15A as legitimate obligations of the former redevelopment agency in accordance with AB 1484.

CONCUR:

  
\_\_\_\_\_  
Brian K. Sunshine  
Assistant to the City Manager

*for*   
\_\_\_\_\_  
Kenneth Flewellyn  
Assistant Finance Director

  
\_\_\_\_\_  
LeRoy J. Jackson  
City Manager

Respectfully submitted,

Brian Sunshine  
Assistant to the City Manager

By   
\_\_\_\_\_  
Carolyn Chun  
Senior Planning Associate

Attachments:

- A) RESOLUTION
- B) February 25, 2014 email from Los Angeles County

**RESOLUTION NO. OB2014-\_\_\_\_\_**

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE CITY OF TORRANCE AS SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE FINDING THAT THE LOAN AGREEMENTS BETWEEN THE CITY AND THE FORMER REDEVELOPMENT AGENCY LISTED IN THE ROPS 14-15A AS LEGITIMATE OBLIGATIONS OF THE FORMER REDEVELOPMENT AGENCY IN ACCORDANCE WITH AB 1484**

WHEREAS, Redevelopment Dissolution Bill ABX1-26 and AB1484 require the Oversight Board to approve the Recognized Obligation Payment Schedule (ROPS) every six months; and

WHEREAS, the ROPS is a formal description of all payments and legitimate obligations the Successor Agency will make during a given fiscal period; and

WHEREAS, Health and Safety Code section 34191.4(b)(1) states that before a loan agreement between the former Redevelopment Agency and the City can be deemed an enforceable obligation and listed on a ROPS, the Oversight Board must making a finding that the loan was for a legitimate redevelopment purpose; and

WHEREAS, all loans placed on the ROPS14-15A were agreements between the Redevelopment Agency and the City for legitimate redevelopment purposes and shall be deemed enforceable.

NOW, THEREFORE, the Oversight Board to the City of Torrance as Successor Agency to the former Redevelopment Agency of the City of Torrance does hereby resolve as follows:

**SECTION 1**

The Oversight Board to the Successor Agency of the former Redevelopment Agency of the City of Torrance finds that all loans listed on ROPS 14-15A between the former Redevelopment Agency of the City of Torrance and the City of Torrance were for legitimate redevelopment purposes.

**SECTION 2**

The Oversight Board Secretary shall certify to the adoption of this Resolution.

INTRODUCED, APPROVED, AND ADOPTED this 26<sup>th</sup> day of February, 2014.

ATTEST:

\_\_\_\_\_  
Steve Maguin, Chairperson,  
Oversight Board of the Successor Agency  
to the former Redevelopment Agency of  
the City of Torrance

\_\_\_\_\_  
Secretary to the Oversight Board

**DATE:** February 25, 2014  
**TO:** Members of the City of Torrance Oversight Board  
**FROM:** Estolano LeSar Perez Advisors, Los Angeles County Consultants  
**RE:** Analysis of Agenda for the February 26, 2014 Oversight Board Meeting

**City of Torrance**  
**Approval of Recognized Obligation Payment Schedule – ROPS 14-15A**  
**For Discussion at the Oversight Board on February 6, 2014**

Agenda item 7A of the Oversight Board meeting asks the Board to consider “Approval of Recognized Obligation Payment Schedule – ROPS 14-15A.” This memo provides guidance for the Oversight Board members related to this agenda item. The following is not a legal opinion. It is a preliminary analysis of agenda item 7A based on the materials available to the consulting team as of February 25, 2014.

**Repayment of SERAF/ERAF Loans and City/County Loans**

For ROPS 14-15A the City of Torrance has included two SERAF/ERAF loans (Items #18-19), sixteen City loan agreements (Items #20-36), and one County loan agreement (Item #37). While these items may be considered enforceable obligations, the Oversight Board must first make a finding that the city loan agreements were “for legitimate redevelopment purposes,” per HSC section 34191.4(b)(1). The loans must be repaid “in accordance with a defined schedule over a reasonable term of years,” per HSC section 34191.4(b)(2), so the Oversight Board will need to approve a repayment schedule as well. The finding that the loan is for a legitimate redevelopment purpose and the approval of a repayment schedule should be considered as a separate Oversight Board action, to conform with Department of Finance instructions.

In addition, the Oversight Board should be aware that SERAF loans and amounts owing to the Low and Moderate Income Housing Fund must be repaid before city loans are repaid, per HSC section 24191.4(b)(2)(B). Given that maximum loan repayment amount for these loans is governed by HSC section 34191.4(b)(2)(A), it is unlikely that these loans will be paid in full during the ROPS 14-15A period.

**Recommendation:** To ensure that the request for repayment of these loans conforms with AB 1484, the Oversight Board must first make a finding that the loans were made for “legitimate redevelopment purposes,” and approve a repayment schedule. This should occur as a separate action, apart from the approval of ROPS 14-15A.