AGENDA FOR THE
REGULAR MEETING
OF THE

IRWINDALE SUCCESSOR
AGENCY OVERSIGHT BOARD

June 21, 2012

2:00 P.M. - OPEN SESSION

IRWINDALE CITY HALL, OUTER COUNCIL CHAMBER
5050 N. IRWINDALE AVENUE
IRWINDALE, CA 91706
626-430-2200

Camille Diaz
Bradley Frick
Tim Martinez
Bill Scroggins
Kwok Tam
Esther Valadez
Teresa Villegas

Spontaneous Communications: The public is encouraged to address the Oversight Board on any matter listed on the agenda or on any other matter within its jurisdiction. The Oversight Board will hear public comment on items listed on the agenda during discussion of the matter and prior to a vote. The Oversight Board will hear public comment on matters not listed on the agenda during the Spontaneous Communications period.

Pursuant to provisions of the Brown Act, no action may be taken on a matter unless it is listed on the agenda, or unless certain emergency or special circumstances exist. The Oversight Board may direct staff to investigate and/or schedule certain matters for consideration at a future Board meeting.

Americans with Disabilities Act: In compliance with the ADA, if you need special assistance to participate in a Oversight Board meeting or other services offered by this City, please contact City Hall at (626) 430-2200. Assisted listening devices are available at this meeting. Ask the Deputy City Clerk if you desire to use this device. Upon request, the agenda and documents in the agenda packet can be made available in appropriate alternative formats to persons with disabilities. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

Note: Staff reports are available for inspection at the office of the Deputy City Clerk, City Hall, 5050 N. Irwindale Avenue, during regular business hours (8:00 a.m. to 6:00 p.m., Monday through Thursday).
OPEN SESSION – 2:00 P.M.

A. CALL TO ORDER

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL / INTRODUCTIONS
   • Camille Diaz, Representative of the City of Irwindale
   • Bradley Frick, Representative of the Los Angeles County Board of Education
   • Tim Martinez, Representative of the Consolidated Fire Protection District of Los Angeles County
   • Bill Scroggins, Representative of the Chancellor of the California Community Colleges
   • Kwok Tam, Representative of the City of Irwindale
   • Esther Valadez, Representative of the County of Los Angeles
   • Teresa Villegas, Representative of the County of Los Angeles

SPONTANEOUS COMMUNICATIONS
Comments must pertain to business of the Oversight Board. Please limit comments to two (2) mintues.

1. CONSENT CALENDAR
   A. Approval of Minutes of April 23, 2012 Special Meeting
   B. Approval of Minutes of April 26, 2012 Special Meeting

2. NEW BUSINESS
   A. Election of Vice Chairperson

   Pursuant to the Oversight Board’s adopted Bylaws, the Board will elect a Vice Chairperson following the May 9, 2012 resignation of the prior Vice Chairperson from the Board.
B. Report on Communications with California Department of Finance

Successor Agency staff will provide a verbal report on communications with the California Department of Finance since the April 26, 2012 Special Meeting.

C. Direction to Successor Agency to Transfer Housing Responsibilities and All Rights, Powers, Duties, and Obligations of the Former Irwindale Community Redevelopment Agency to the Irwindale Housing Authority

Pursuant to Health and Safety Code Section 34181(c), the Oversight Board is required to direct the Successor Agency to “transfer housing responsibilities and all rights, powers, duties, and obligations along with any amounts on deposit in the Low and Moderate Income Housing Fund to the appropriate entity pursuant to Section 34176.” The Oversight Board will consider adoption of a resolution directing such transfer.

D. Report on Transfer of Housing Assets

Health and Safety Code Section 34177(g) requires the Successor Agency to effectuate the transfer of the housing assets of the former Redevelopment Agency to the Housing Authority. Successor Agency staff will report on the status of these transfers.

E. Asset Management, Transfer, and Disposition Framework

Successor Agency staff will provide a verbal report presenting a framework for the management, transfer, and disposition of property holdings of the former Redevelopment Agency.

F. Continued Occupancy of Successor Agency Property Under Month-to-Month Tenancy – 242 Live Oak Avenue, Irwindale, California

Successor Agency staff is requesting Oversight Board ratification of Successor Agency consent to the continued occupancy of 242 Live Oak Avenue, Irwindale, California under a month-to-month tenancy under the same rental rate as of June 20, 2012.

2. OLD BUSINESS

None.

3. OVERSIGHT BOARD MEMBER COMMENTS
4. ADJOURN
The **OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY** met in special session at the above time and place.

**ROLL CALL:**

Present: Board Members Camille Diaz, Representative of the City of Irwindale; Bradley Frick, Representative of the Los Angeles County Board of Education; Gerry Hertzberg, Representative of the County of Los Angeles; Kwok Tam, Representative of the City of Irwindale; Esther Valadez, Representative of the County of Los Angeles; Teresa Villegas, Representative of the County of Los Angeles

Absent: Board Member Bill Scroggins, Representative of the Chancellor of the California Community Colleges

Also present: John Davidson, Irwindale City Manager; Pam Lee, Assistant Irwindale City Attorney; Ken Lee, Irwindale Community Development Director/Redevelopment Consultant; Laura Nomura, Irwindale Director of Finance; Eva Contreras, Irwindale Finance Manager; Theresa Olivares, Irwindale Housing Coordinator; Loretta Corpis, Irwindale Management Analyst; and Laura Nieto, Irwindale Deputy City Clerk

**CONVENE IN OPEN SESSION**

At 3:30 p.m., the Oversight Board convened in Open Session.

**SPONTANEOUS COMMUNICATIONS**

None.

**NEW BUSINESS**

**ITEM A**

**WELCOME AND INTRODUCTION OF OVERSIGHT BOARD MEMBERS**

BOARD MEMBER DIAZ

Board Member Diaz introduced Director Lee and other staff members in attendance.

**ITEM B**

**REVIEW OF ABX1 26 (CHAPTER 5, STATUTES OF 2011) AND THE ROLES AND RESPONSIBILITIES OF THE OVERSIGHT BOARD**
DIRECTOR LEE
Director Lee thanked and welcomed the board members, gave an overview of ABX1 26, and provided background information on legislation and the roles of the board.

BOARD MEMBER HERTZBERG
Responding to a question by Board Member Hertzberg, Director Lee advised that the only thing that the law is very clear about is when the first ROPS is due. Future ROPS deadlines are unclear, but the Auditor/Controller took a very proactive approach that they are needed by a certain date in order to review them. A draft ROPS will be prepared by the Successor Agency for submittal to the Oversight Board. The Auditor/Controller will inform when the ROPS will be needed in order for it to be able to allocate property tax revenues.

BOARD MEMBER VILLEGAS
Board Member Villegas asked about the process relating to the submittal of the ROPS to the Auditor/Controller, to which Director Lee explained that: 1) the Successor Agency prepares the ROPS, 2) the ROPS is submitted to the Oversight Board for consideration and approval, 3) once approved by the Oversight Board, it is submitted to the Department of Finance, the State Controller’s Office, and the County Auditor/Controller, and 4) the Auditor/Controller reviews it, takes the items with the funding source that comes from the property tax trust fund, and makes allocations accordingly and consistent with the Department of Finance’s review and approval.

BOARD MEMBER HERTZBERG
Board Member Hertzberg asked about the process if the Oversight Board disagrees with a portion of the ROPS, to which Director Lee advised that, due to the uncertainty of amendment procedures, he believes that if an item needs further review/discussion, the Board should table the items and move forward with the balance of the ROPS with the intention of revisiting and potentially amending the ROPS for re-submittal. He added that all actions by the Board require a majority vote of the full seven-member board (four affirmative votes).

DIRECTOR LEE
Director Lee advised that there are provisions throughout the law pertaining to oversight boards about fiduciary responsibilities of the taxing entities, in that they are balanced with fiduciary responsibilities to the holders of enforceable obligations. There are 17 taxing entities that exist within the scope of the project areas. Though there are still many uncertainties and upcoming legislation, the Successor Agency’s staff can keep the Oversight Board updated.

ITEM C
PROCESS FOR SETTING AGENDA AND INFORMATION REQUIRED FOR APPROVAL OF ITEMS
BOARD MEMBER
HERTZBERG

Board Member Hertzberg suggested that board members be able to place items on the agendas for consideration.

DIRECTOR LEE

Director Lee suggested having a recurring place on the agenda for Oversight Board member comments, which would allow the members the opportunity to address items of concern.

ITEM D
OPERATING BYLAWS OF THE OVERSIGHT BOARD

DIRECTOR LEE

Director Lee reported that the bylaws were drafted by the Successor Agency’s counsel and that they are fairly standard. He highlighted portions of the bylaws, such as the designation of officers of the board, including the City Manager and Deputy City Clerk as Executive Director and Secretary, respectively.

BOARD MEMBER
HERTZBERG

Board Member Hertzberg suggested that any contact with the Department of Finance be documented and reported to the Board pertaining to the subject matter and contents.

BOARD MEMBER
VALADEZ

Board Member Valadez suggested that the Executive Director be appointed by the Board with the recommendation of the City Manager. Also, that the Board retain responsibility for the individuals that work under the Board. She stated her opinion that the Board should have the ability to change Executive Directors and Secretaries if it so chooses.

Board Member Valadez also asked about the hiring of other employees, to which Director Lee advised that hiring would become a cost issue for the board.

BOARD MEMBER
HERTZBERG

Board Member Hertzberg suggested striking Article III Section 3 relating to other employees, agents, and consultants.

DIRECTOR LEE

Director Lee detailed the proposed changes to the bylaws.

MOTION

A motion was made by Board Member Hertzberg, seconded by Board Member Valadez, to approve and adopt the by-laws of the Board, with the following changes:

1) Article II, Section 3 to be amended to read that the Oversight Board shall appoint the Executive Director of the Board and recommendations for such appointment may be made by the City Manager and shall serve an indefinite term, as determined by the Oversight Board.

2) Article II, Section 3, last paragraph to be amended to read that the Executive Director shall report the nature of communications
and correspondence with the Department of Finance to the Oversight Board as expeditiously as possible.

3) Article II, Section 4 to be amended to read that the Oversight Board shall appoint the Secretary of the Board and recommendations for such appointment may be made by the City Manager and shall serve an indefinite term, as determined by the Oversight Board.

4) Article III, Section 3 was stricken in its entirety.

The motion was unanimously approved.

**ADJOURNMENT**

There being no further business to conduct, the meeting was adjourned at 4:35 p.m.

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Laura M. Nieto, CMC
Deputy City Clerk
The OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY met in special session at the above time and place.

ROLL CALL: Present: Board Members Camille Diaz, Representative of the City of Irwindale; Bradley Frick, Representative of the Los Angeles County Board of Education; Gerry Hertzberg, Representative of the County of Los Angeles; Bill Scroggins, Representative of the Chancellor of the California Community Colleges; Kwok Tam, Representative of the City of Irwindale; Teresa Villegas, Representative of the County of Los Angeles

Absent: Board Member Esther Valadez, Representative of the County of Los Angeles

Also present: John Davidson, Irwindale City Manager; Fred Galante, City Attorney; Ken Lee, Irwindale Community Development Director/Redevelopment Consultant; Laura Nomura, Irwindale Director of Finance; and Laura Nieto, Irwindale Deputy City Clerk

CONVENE IN OPEN SESSION At 2:00 p.m., the Oversight Board convened in Open Session.

SPONTANEOUS COMMUNICATIONS None.

NEW BUSINESS ITEM 1A ELECTION AND APPOINTMENT OF OFFICERS OF THE BOARD

DIRECTOR LEE Director Lee discussed the staff report.

MOTION A motion was made by Board Member Diaz, seconded by Board Member Hertzberg, to appoint Board Member Scroggins as Chair. The motion was unanimously approved; Board Member Valadez absent.

MOTION A motion was made by Board Member Frick, seconded by Chair Scroggins, to appoint Board Member Hertzberg as Vice Chair. The motion was unanimously approved; Board Member Valadez absent.
RESOLUTION ADOPTED

The Resolution entitled:

“A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY MAKING APPOINTMENTS OF OFFICERS OF THE OVERSIGHT BOARD,” was passed, approved, and adopted, on the motion of Vice Chair Hertzberg, seconded by Board Member Villegas, and unanimously approved; Board Member Valadez absent, thereby appointing the City Manager of the City of Irwindale as Executive Director, and the Deputy City Clerk of the City of Irwindale as Secretary, and directing the Executive Director to notify the California Department of Finance (“DOF”) of the appointment of a contact person for ongoing communications with DOF.

ITEM 1B
REGULAR MEETING DAYS, TIMES, AND LOCATION

Chair Scroggins briefly spoke about the report.

RESOLUTION ADOPTED

The Resolution entitled:

“A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY ESTABLISHING A REGULAR MEETING SCHEDULE AND LOCATION OF THE OVERSIGHT BOARD,” was passed, approved, and adopted, on the motion of Board Member Diaz, seconded by Chair Scroggins, and unanimously approved; Board Member Valadez absent, thereby establishing the following meeting times:

Day: Third Thursday of Each Month
Time: 2:00 p.m.
Location: Irwindale City Hall, Outer Council Chambers
5050 N. Irwindale Avenue
Irwindale, CA 91706

ITEM 1C
CONFLICT OF INTEREST CODE

The Resolution entitled:

“A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY ADOPTING A CONFLICT OF INTEREST CODE FOR THE OVERSIGHT BOARD,” was passed,
approved, and adopted, on the motion of Vice Chair Hertzberg, seconded by Board Member Diaz, and unanimously approved; Board Member Valadez absent.

ITEM 1D PROPOSED FY 2012-13 ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY

DISCUSSION HELD Lengthy discussion was held regarding this matter.

RESOLUTION ADOPTED The Resolution entitled:

“A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY APPROVING A SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2012-13 AND FOR THE SIX-MONTH FISCAL PERIOD BEGINNING JULY 1, 2012, AND ENDING DECEMBER 31, 2012,” was passed, approved, and adopted, as amended to show that the administrative budget is to be clearly labeled as preliminary, and that the property management line items in ROPS #1, items 4-2 and 4-3 are to be added to the administrative budget, on the motion of Board Member Diaz, seconded by Vice Chair Hertzberg, and unanimously approved; Board Member Valadez absent.

ITEM NO. 1E RECOGNIZED OBLIGATION PAYMENT SCHEDULES

DISCUSSION HELD Lengthy discussion was held regarding this matter.

RESOLUTION ADOPTED The Resolution entitled:

“A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE FIRST SIX-MONTH FISCAL PERIOD BEGINNING JANUARY 1, 2012, AND ENDING JUNE 30, 2012,” and

RESOLUTION ADOPTED the Resolution entitled:

“A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE SECOND SIX-
MONTH FISCAL PERIOD BEGINNING JULY 1, 2012, AND ENDING DECEMBER 31, 2012,” were passed, approved, and adopted, with amendments to the ROPS #1, as follows:

1) Items 1.10 and 1.11 – provide an explanation of the COP process and include documentation that shows it as a long term obligation;
2) Item 7-1 – categorize by service, e.g., legal services, title, escrow, etc.;
3) Item 7-2 – revise the figure in the column Total Estimated Outstanding Debt or Obligation from $2,500,000.00 to $1,344,000.00; in the column Revenue Source remove “RPTTF”; and in the June column delete the figure $2,500,000.00 and replace it with zero.
4) Item 8-18 – revise the figure in the column Total Estimated Outstanding Debt or Obligation from $804,061.77 to $105,000.00;

And amendments to the ROPS #2, as follows:

1) Items 1.10 and 1.11 – provide an explanation of the COP process and include documentation that shows it as a long term bond obligation;
2) Item 7-1 – categorize by service, e.g., legal services, title, escrow, etc.;
3) Item 7-2 – revise the figure in the column Total Estimated Outstanding Debt or Obligation from $2,500,000.00 to $1,344,000.00; in the column Revenue Source remove “RPTTF”; and in the June column delete the figure $2,500,000.00 and replace it with zero.
4) Add an article between Section 2 and 3 of the Board’s Resolution Approving A Recognized Obligation Payment Schedule for the Second Six-Month Fiscal Period Beginning July 1, 2012 and Ending December 31, 2012 that supports the retention of the $1.344 million in the Low/Moderate Housing Fund on the motion of Vice Chair Hertzberg, seconded by Board Member Tam, and unanimously approved; Board Member Valadez absent.
ITEM NO. 1F
EXIT MEMORANDUM FROM IRWINDALE COMMUNITY
REDEVELOPMENT AGENCY

DIRECTOR LEE
Director Lee provided a brief presentation on the April 11, 2012, Exit Memorandum from the former Irwindale Community Redevelopment Agency to the Irwindale City Council, Successor Agency, and Housing Authority on the former Redevelopment Agency’s assets and liabilities as of January 31, 2012.

OLD BUSINESS
None.

OVERSIGHT BOARD MEMBER COMMENTS
None.

ADJOURNMENT
There being no further business to conduct, the meeting was adjourned at 3:58 p.m.

Laura M. Nieto, CMC
Secretary
MEETING DATE: June 21, 2012
AGENDA ITEM: 2.A
PAGE: 1 of 1

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY

CAMILLE DIAZ
Rep of Mayor of Irwindale

BRADLEY FRICK
Rep of County Board of Education

TIM MARTINEZ
Rep of Consolidated Fire Protection District of Los Angeles county

BILL SCROGGINS
Rep of Chancellor of California Community Colleges

KWOK TAM
Rep of Mayor of Irwindale

ESTHER VALADEZ
Rep of County Board of Supervisors

TERESA VILLEGAS
Rep of County Board of Supervisors

DATE: June 21, 2012
TO: Oversight Board of the Successor Agency to the Irwindale Community Redevelopment Agency
FROM: John Davidson, Executive Director
SUBJECT: Election of Vice-Chairperson

Recommendation

In accordance with the Oversight Board’s Bylaws adopted on April 23, 2012, that the Oversight Board:

1. Elect one Board member to serve as Vice-Chairperson, serving the remaining one-year term of former Vice-Chairperson Gerry Hertzberg.

Discussion

On May 11, 2012, Successor Agency staff was informed by the Executive Office of the County Board of Supervisors that, on May 9, 2012, Board Member Gerry Hertzberg resigned from the Oversight Board. On May 15, 2012, the Board of Supervisors, serving as the Board of Directors of the Consolidated Fire Protection District of Los Angeles County, appointed Dr. Tim Martinez to fill the vacancy. Pursuant to Section 2 of Article II of the Board’s adopted Bylaws, “if either the office of the Chairperson or Vice-Chairperson becomes vacant, then the Members of the Board at the next regular meeting shall elect a successor for the unfinished term of that office.”

PREPARED BY: KEN LEE, COMMUNITY DEVELOPMENT DIRECTOR/REDEVELOPMENT CONSULTANT
626.430.2213
klee@ci.irwindale.ca.us
DATE: June 21, 2012

TO: Oversight Board of the Successor Agency to the Irwindale Community Redevelopment Agency

FROM: John Davidson, Executive Director

SUBJECT: Report on Communications with California Department of Finance

Recommendation

Receive and file.

Discussion

The Oversight Board’s Bylaws provide that the Executive Director will provide regular reports to the Oversight Board on Successor Agency communications with the California Department of Finance (“DOF”) on matters which the Oversight Board has taken action on. To date, communications with DOF have been limited to the Recognized Obligation Payment Schedules (“ROPS”) approved, with amendments, by the Oversight Board at its April 26, 2012 special meeting.

Since submittal of ROPS #1 (January-June 2012) and ROPS #2 (July-December 2012) to DOF, staff has worked with several different DOF analysts, supervisors, and managers to provide supporting documentation for “enforceable obligations” and answer all questions. Staff will provide a verbal report to the Oversight Board on these interactions, including a status update on disputed items for which the Successor Agency will be submitting a formal appeal to DOF. Written correspondences between Successor Agency and DOF staffs are attached, including relevant e-mail communications.

PREPARED BY: KEN LEE, COMMUNITY DEVELOPMENT DIRECTOR/REDEVELOPMENT CONSULTANT
626.430.2213
klee@ci.irwindale.ca.us
May 28, 2012

Mark Hill, Program Budget Manager
Department of Finance
State of California
915 L Street
Sacramento, CA 95814

SUBJECT: DOF Review of Recognize Obligation Payment Schedules (ROPS) for the Successor Agency to the Irwindale Community Redevelopment Agency

Dear Mr. Hill:

This letter is in response to your May 18, 2012 letter we received regarding the California Department of Finance’s (“DOF”) review of the Recognized Obligation Payment Schedules (“ROPS”) for the Successor Agency (“Successor Agency”) to the former Irwindale Community Redevelopment Agency (“Redevelopment Agency”). Two sets of ROPS were submitted to DOF via e-mail on May 7, 2012 following Oversight Board approval on April 26, 2012, including the first ROPS covering the fiscal period beginning January 1, 2012 and ending June 30, 2012 (“ROPS1”), and the second ROPS covering the fiscal period beginning July 1, 2012 and ending December 31, 2012 (“ROPS2”). Successor Agency staff was first contacted by DOF analyst Terry McDowell Jr., Financial & Performance Evaluator, on March 6, 2012 during Mr. McDowell’s review of the Redevelopment Agency’s Enforceable Obligation Payment Schedule (“EOPS”). Since then, Successor Agency staff has worked closely with and responded quickly to Mr. McDowell’s requests for information and supporting documentation in his review of enforceable obligations (“EO”) listed in the EOPS, ROPS1, and ROPS2.

In your May 18, 2012 letter, you stated that the below-listed projects/contracts contained in both the Successor Agency’s ROPS1 and ROPS2 are between the City of Irwindale (“City”) and a third party and, therefore, are not EOs of the Successor Agency. Further explanation of these line items is provided below and additional supporting documents are attached for your review.

- **Line Item 8-4: Contract with AECOM for “Live Oak/Arrow Highway/605 Fwy” Project**

  In 2002, the City submitted a proposal to Congresswoman Hilda Solis (32nd Congressional District) to receive federal funding under the Intermodal Surface Transportation Efficiency Act (“ISTEA”) of 1991 for the Live Oak/Arrow Highway/605 Fwy project. The total project cost was estimated then at $14.7 million (Exhibit F). In 2007, a $1.5 million grant was awarded (Exhibit E). In 2008 and 2009, the City as the “Administering Agency” under the grant entered into a master agreement with the State of California which required local matching funds in the amount of $460,200 (Exhibits B and D).

  On June 11, 2008, the Redevelopment Agency adopted the fiscal year 2008-09 budget, appropriating and obligating tax increment revenue for specified projects, including $950,000 in non-bond proceeds for the Live Oak/Arrow Highway/605 Fwy project. Those proceeds would fund the required local match amount and additional work required for the project. Redevelopment Agency Resolution No. CRA 2008-07-500 (Exhibit A) established that the City Council made the necessary findings and determinations under Health and Safety Code Section 33445, which provides that “an agency may, with the consent of the legislative body, pay all or a part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement that is publicly owned and is located inside or contiguous to the project area, if the legislative body determines all of the following:
1. That the acquisition of land or the installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned are of benefit to the project area by helping to eliminate blight within the project area or providing housing for low- or moderate-income persons.

2. That no other reasonable means of financing the acquisition of the land or installation or construction of the buildings, facilities, structures, or other improvements that are publicly owned, are available to the community.

3. That the payment of funds for the acquisition of land or the cost of buildings, facilities, structures, or other improvements that are publicly owned is consistent with the implementation plan adopted pursuant to Section 33490.

During fiscal year 2008-09, the City adopted a budget with a $1.3 million deficit and relied on General Fund reserves to backfill the gap. That gap grew to $2.7 million by mid-year. As such, it was very clear and obvious that determination #2 above was made with complete accuracy and appropriateness, and that "no other reasonable means of financing" the Live Oak/Arrow Highway/605 Fwy project were available to the City, including the required local matching funds for the ISTEA federal grant. Without the obligation of Redevelopment Agency funds under Health and Safety Code Section 33445, the City would have been in breach of its agreement with the State to administer and complete the project. For fiscal year 2012-13, the City is projecting a General Fund structural budget deficit of between $4.0 million and $4.5 million. Without property tax revenue funding under ABX1 26, there is no backup funding available to complete the project and critically-needed grant funding would be put at risk.

- Line Item 8-13: Contract with County of Los Angeles for “Los Angeles Street Bridge Improvement” Project

Similar to the Live Oak/Arrow Highway/605 Fwy project, the Los Angeles Street Bridge Improvement project involves a federal grant relying on Federal Bridge Replacement and Rehabilitation ("HBRR") funds to improve the Los Angeles Street Bridge over the Big Dalton Wash in the City. As clearly set forth in Exhibit D in the attached information packet, on December 13, 2001, the Redevelopment Agency adopted Resolution No. CR(I) 2001-13-376 approving and adopting the Program Supplement No. 001-M of the Local Agency/State Agreement No. 07-5345 to provide matching funds for the Los Angeles Street Bridge Improvement project. The Redevelopment Agency committed approximately $300,000. On April 17, 2008, the City/Redevelopment Agency received a request for deposit from the County of Los Angeles for $387,000.

As shown in Exhibit A, on June 11, 2008, the Redevelopment Agency adopted the fiscal year 2008-09 budget, appropriating and obligating tax increment revenue for specified projects, including $113,000 in non-bond proceeds for the Los Angeles Street Bridge Improvement project. This is in addition to the $387,000 budgeted during the prior fiscal year to pay for the deposit required by the County of Los Angeles. Again, Redevelopment Agency Resolution No. CRA 2008-07-500 (Exhibit A) establishes that the City Council made the necessary findings and determinations under Health and Safety Code Section 33445 to allow the Redevelopment Agency to "pay all or a part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement that is publicly owned and is located inside or contiguous to the project area." Given the budget gap previously described, it was very clear and obvious that determination #2 was made with complete accuracy and appropriateness, and that "no other reasonable means of financing" the Los Angeles Street Bridge Improvement project were available to the City, including the required local matching funds. Without the obligation of Redevelopment Agency funds under Health and Safety Code Section 33445, the City would have been in breach of its agreement with the County to administer and complete the project. For fiscal year 2012-13, the City is projecting a General Fund structural budget deficit of between $4.0 million and $4.5 million. Without property tax revenue funding under ABX1 26, there is no
backup funding available to complete the project and critically-needed grant funding would be put at risk.

In your May 18, 2012 letter, you outlined a number of ROPS1 and ROPS2 line items that you believe should be considered administrative costs counted towards the administrative cost allowance. Further explanations of these line items are provided below. Please respond to these clarifying points.

- **Line Item 4-1:** “Project Management of Enforceable Obligations – Housing Projects”
  The Successor Agency understands that administrative costs necessary for the continued administration or operation of the Successor Agency should be counted towards the administrative cost allowance. These costs generally include staffing and overhead unless staffing costs are the direct result of the requirement or necessity to manage the fulfillment and wind down of EOs. In the absence of the EOs, those management costs would not exist and the Successor Agency and City General Fund should not be penalized for the existence of the EOs and the requirement to manage and wind them down. As such, we conclude that such management costs are inherently enforceable obligations in and of themselves. Those costs include Line Item 4-1.

- **Line Item 4-2:** “Project Management of Enforceable Obligations – Capital Projects”
  See the explanation above for Line Item 4-1.

- **Line Item 8-1:** “Weed Abatement Services for Successor Agency Assets/Properties”
  ABX1 26 requires the Successor Agency to dispose of properties “expeditiously” and “in a manner that maximizes value.” To do so, the Successor Agency must maintain the aesthetics and condition of the properties and avoid property damage, including potential fires due to overgrowth of weeds. The County of Los Angeles regularly inspects properties and sends notices to the Successor Agency to address fire hazards, or to obtain authorization to conduct weed abatement. A March 21, 2012 letter was previously sent to Terrance McDowell as a sample. Just as the Successor Agency is required to pay for appraisals and environmental due diligence to prepare properties for disposition “expeditiously” and “in a manner that maximizes value,” the Successor Agency must also maintain the condition of its properties and address fire hazards. The Successor Agency believes weed abatement costs are not a matter of routine administrative costs necessary to operate the Successor Agency, but instead, they are required to fulfill the Successor Agency’s EO imposed by ABX1 26 to dispose of property.

- **Line Item 8-2:** “Property Maintenance for Successor Agency Assets/Properties”
  See the explanation above for Line Item 8-1.

- **Line Item 8-3:** “Olive Pit Property Maintenance”
  See the explanation above for Line Item 8-3.

- **Line Item 8-14:** “Audit Services”
  Unlike ongoing costs for legal services to administer and operate the Successor Agency, the cost of audit services are mandated by the California Community Redevelopment Law, ABX1 26, and the Successor Agency’s obligations to bondholders of former Redevelopment Agency-issued debt. This is not an optional cost. Instead, it is an EO and should not be counted towards the administrative cost allowance.
• **Line Item 8-20: “Financial Consulting Services” (ROPS1 only)**

  The Successor Agency proposes to fund these costs using its Reserve Fund balance. Health and Safety Code Section 34171(a) provides that the administrative cost allowance “amount shall exclude any administrative costs that can be paid from bond proceeds or from sources other than property tax.”

• **Line Item 8-21: “Staffing and Consulting Services” (ROPS1 only)**

  The Successor Agency proposes to fund these costs using its Reserve Fund balance. Health and Safety Code Section 34171(a) provides that the administrative cost allowance “amount shall exclude any administrative costs that can be paid from bond proceeds or from sources other than property tax.”

We are in receipt of the May 27, 2012 DOF ROPS approval letter for all other ROPS items. Please provide a response to this letter that addresses the items for which we have provided further documentation and explanation. We assume that the Los Angeles County Auditor-Controller will hold or set funds aside in the Redevelopment Property Tax Trust Fund to fund these obligations and will distribute those monies to the Successor Agency if or when resolution is reached. If you have any questions, please do not hesitate to contact me at (626) 430-2213 or klee@ci.irwindale.ca.us.

Sincerely,

Ken Lee
Community Development Director/
Redevelopment Consultant

Attachments:
1. Supporting documentation for the Live Oak/Arrow Highway/605 Fwy project (see Exhibits A-F)
2. Supporting documentation for the Los Angeles Street Bridge Improvement project (see Exhibits A-E)

cc: Evelyn Seuss, Supervisor, DOF
    Michael Barr, Lead Analyst, DOF
    Terrance McDowell, Analyst, DOF
    Kristina Burns, Manager, Community Redevelopment Administration Section, Property Tax Division, Los Angeles County Department of Auditor-Controller
    John Davidson, City Manager/Executive Director, City of Irwindale
    Camille Diaz, Assistant City Manager, City of Irwindale
    Laura Nomura, Finance Director, City of Irwindale
    Fred Galante, City Attorney, City of Irwindale (Aleshire & Wynder)
May 27, 2012

Ken Lee, Economic Development Manager  
City of Irwindale  
5050 North Irwindale Avenue  
Irwindale, CA 91706

Dear Mr. Lee:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Irwindale  
Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the  
California Department of Finance (Finance) on May 7, 2012 for the periods January to June  
2012 and July to December 2012. Finance is assuming appropriate oversight board approval.  
Finance has completed its review of your ROPS, which may have included obtaining  
clarification for various items.

Except for items disallowed in whole or in part as enforceable obligations noted in Finance's  
letter dated May 18, 2012, Finance is approving the remaining items listed in your ROPS for  
each period. This is our determination with respect to any items funded from the  
Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations.  
If your oversight board disagrees with our determination with respect to any items not funded  
with property tax, any future resolution of the disputed issue may be accommodated by  
amending the ROPS for the appropriate time period. Items not questioned during this review  
are subject to a subsequent review, if they are included on a future ROPS. If an item included  
on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that  
item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the  
amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that  
was available prior to ABx1 26. This amount is not and never was an unlimited funding source.  
Therefore as a practical matter, the ability to fund the items on the ROPS with property tax is  
limited to the amount of funding available in the RPTTF.

Please direct inquiries to Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at  
(916) 322-2985.

Sincerely,

[Signature]
MARK HILL  
Program Budget Manager

cc: Ms. Kristina Burns, Program Specialist III, Los Angeles County Auditor/Controller Office
May 18, 2012

Ken Lee, Economic Development Manager
City of Irwindale
5050 North Irwindale Avenue
Irwindale, CA 91706

Dear Ken:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Irwindale (City) Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 7, 2012 for the period of January through June 2012 and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

**January through June 2012 ROPS:**

- Industrial Project Area, page 4, line items 8-4 and page 5, line items 8-13 totaling $1.6 million. These items are contracts that identify the City and a third-party and are therefore, not EOs of the Agency.

- Administrative cost claimed exceeds allowance by $538,347 of the $788,347 claimed. HSC section 34171 (b) limits fiscal year 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or $250,000, whichever is greater. Five percent of the property tax allocated is $67,655. Therefore, the administrative cost allowance for 2011-12 is $250,000. However, we noted additional line items that should be counted towards the administrative cap allowance. The following line items are considered administrative costs:

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<th>Item #</th>
<th>Project Name/Debt Obligation</th>
<th>Amount</th>
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<td>Payroll &amp; Benefits Allocation</td>
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<td>8-1</td>
<td>Weed Abatement Services for Successor Agency Assets/Properties</td>
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<td>4</td>
<td>8-2</td>
<td>Property Maintenance for Successor Agency Assets/Properties</td>
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<tr>
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<td>Olive Pit Property Maintenance</td>
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<td>8-14</td>
<td>Audit Services</td>
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<td>Operational Overhead Costs</td>
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<td>Conferences / Successor Agency Training</td>
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<td>Financial Consulting Services</td>
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<td>8-21</td>
<td>Staffing and Consulting Services</td>
<td>68,971</td>
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<td></td>
<td><strong>Total:</strong></td>
<td><strong>$788,347</strong></td>
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</tbody>
</table>

**July through December 2012 ROPS:**

- Industrial Project Area, page 3, line items 8-4 and page 4, line items 8-13 totaling $1 million. These items are contracts that identify the City and a third-party and are therefore, not EOs of the Agency.

- Administrative cost claimed exceeds allowance by $73,388 of the $323,388 claimed. HSC section 34171 (b) limits fiscal year 2012-13 administrative cost allowance to three percent of the property tax allocated to the successor agency or $250,000, whichever is greater. Three percent of the property tax allocated is $194,449. Therefore, the administrative cost allowance for 2012-13 is $250,000. However, we noted additional line items that should be counted towards the administrative cap allowance. The following line items should have been considered administrative costs:

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<th>Project Name/Debt Obligation</th>
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<td>Property Maintenance for Successor Agency Assets/Properties</td>
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<tr>
<td>3</td>
<td>8-3</td>
<td>Olive Pit Property Maintenance</td>
<td>6,000</td>
</tr>
<tr>
<td>4</td>
<td>8-14</td>
<td>Audit Services</td>
<td>12,750</td>
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<tr>
<td></td>
<td></td>
<td><strong>Total:</strong></td>
<td><strong>$323,388</strong></td>
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</table>

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective.
until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO and submit to the following email address:

Redevelopment_Administration@dof.ca.gov

Finance may continue to review items on the ROPS in addition to those mentioned above and identify additional issues. We will provide separate notice if we are requesting further modifications to the ROPS. It is our intent to provide an approval notice with regard to each ROPS prior to the June 1 property tax distribution date.

Please direct inquiries to Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Kristina Burns, Program Specialist III, Los Angeles County Auditor Controller
Hi Veronica-

Attached please find revised ROPS's for both time periods: (1) Jan-Jun, and (2) Jul-Dec. All items list only one single funding source. As discussed yesterday, the Successor Agency defined tax increment received by the former Redevelopment Agency on or before January 31, 2012 as "Other - Fund Balance" and not RPTTF for purposes of preparing prior versions of the ROPS. Those items have been changed to RPTTF where appropriate. Both Excel and PDF versions are attached.

I left Kristina Burns with the LA County Auditor-Controller's Office a message this morning regarding this issue so we can better understand their "true up" process for both ROPS periods. Regarding ROPS line items we discussed yesterday, please be advised that we will be sending a formal appeal letter regarding our position on items under dispute, including the 605/Arrow/Live Oak project, the Los Angeles Street Bridge Improvement project, and the various obligations DOF has categorized as administrative costs. As such, we have left all disputed items in the attached ROPS.

I also sent an email to the general mailbox redevelopment_administration@dof.ca.gov requesting electronic copies of public records that contain correspondences between DOF and third parties (other than the City of Irwindale or its agents) involving our ROPS and other dissolution items. Please let me know when those documents can be emailed to me.

Please contact me with any questions.

Many thanks,

Ken Lee
Community Development Director/
Redevelopment Consultant
CITY OF IRWINDALE
D: 626.430.2213
C: 562.972.4033
E: klee@ci.irwindale.ca.us

-----Original Message-----
From: Green, Veronica [mailto:Veronica.Green@dof.ca.gov]
Sent: Wed 6/6/2012 3:46 PM
To: Ken Lee
Cc: Barr, Michael; kburns@auditor.lacounty.gov
Subject: Irwindale J-J & J-D 2012 ROPS - Revenue Source

Hi Mr. Lee,
Due to the lack of clear revenue sources listed on the ROPS, the tax increment amounts could not be accurately calculated. In order to remedy this issue, please resubmit a revised ROPS for both periods as soon as possible, specifically naming the revenue source for each item. As discussed yesterday, in the event the item will be funding by multiple sources, please list the specific amount to be funded by each source.

Sincerely,

Veronica Green, Analyst
Department of Finance
915 L Street
Sacramento, CA 95814
(916) 322-2985 ext. 3161
Hi Terry:

Attached are a number of PDF files containing the requested supporting documents for the Irwindale ROPS. In addition, please refer to the below descriptions and refer any follow-up questions to me. Many thanks.

ITEM #: 7-2
PAGE: 4
PROJECT NAME/DEBT OBLIGATION: Environmental Due Diligence, Review, & Documentation - Property Disposition by Successor Agency
FUND SOURCE: Reserve Balance, RPTTF
AMOUNT: $521,588
DESCRIPTION: Health and Safety Code Sections 34177(e) and 34181(a) require the Successor Agency to dispose of assets, including real property, unless otherwise directed by the Oversight Board to transfer properties used for governmental purposes to the appropriate agencies. Disposition of property by a former redevelopment agency, and hence the successor agency, pursuant to the Community Redevelopment Law, requires compliance with CEQA, including environmental review. Prospective purchasers of property are expected to also condition closing of escrow upon securing entitlements, including CEQA compliance and review. To comply with the statutory obligations of ABX1 26, the Successor Agency will be required to prepare initial studies under CEQA and appropriate environmental disclosure documentation, including Negative Declarations, Mitigated Negative Declarations, and Environmental Impact Reports. Preparation and processing of these documents will require City staffing and/or professional consulting services, depending on the level of environmental review required. The level of CEQA review for each property varies based on existing conditions, pending projects, known environmental contamination, etc. For property disposition activities on or before June 30, 2012, the Successor Agency will need to rely on the existing cash/reserve balance. However, if any RPTTF allocations will be made, then a blend of reserve funds and RPTTF will be relied upon. However, given the Los Angeles County Auditor-Controller's position that no RPTTF allocations will be made for ROPS obligations in February through June, the Successor Agency currently assumes that reserve funds will be the primary source. This will likely also be true moving into the July-December ROPS, based on the May 1 RPTTF estimate released by the County Auditor-Controller. Since the County is relying on three months of revenue (Feb. 1 - Apr. 30) to cover six months of enforceable obligations, tax increment revenues received by the former Redevelopment Agency on or before January 31, 2012 must be relied upon. This logic applies to additional ROPS items for both Jan-Jun 2012 and Jul-Dec 2012.
SUPPORTING DOCUMENTATION: Supporting documentation (7-2a) shows projected costs for specified activities the Successor Agency will need to undertake for the disposition of each property as enforceable obligations, including environmental review. Additional supporting documentation (7-2b) shows projected staffing and consultant costs for each type of CEQA review -- Negative Declaration, Mitigated Negative Declaration, Environmental Impact Report.

ITEM #: 7-6
ITEM #:  7-12
PAGE:  4
PROJECT NAME/DEBT OBLIGATION:  Duran Property Remediation
FUND SOURCE:  LMIHF
AMOUNT:  $2,200
DESCRIPTION:  Former Redevelopment Agency was in escrow under a Purchase and Sale Agreement to purchase property known as the "Duran Property" when ABX1 26 took effect. As part of the purchase, the Agency undertook obligations to conduct Phase I and Phase II Environmental Site Assessments, and property remediation. The County of Los Angeles Fire Department is the local Certified Unified Program Agency (CUPA) serving as the lead regulatory agency for cleanup of environmental contamination. The County charges cost-recovery fees for their oversight.
SUPPORTING DOCUMENTATION:  Supporting documentation (7-12) is attached which describes the County's fee schedule.

ITEM #:  8-1
PAGE:  4
PROJECT NAME/DEBT OBLIGATION:  Weed Abatement Services for Successor Agency Assets/Properties
FUND SOURCE:  Reserve Fund
AMOUNT:  $176,080
DESCRIPTION:  As of February 1, 2012, the Successor Agency, as a matter of continuing the operation and administration of the former Redevelopment Agency, has the obligation to maintain properties formerly owned by the Redevelopment Agency prior to disposition, including weed abatement to prevent fire hazards and visual blight. The County of Los Angeles provides these services with a fee, as outlined in the supporting County document. Assuming property disposition will not be completed in 2011-12, the total outstanding obligation of $176,080 is purely a projected amount assuming a conservative scenario that completion of property disposition may take a few years.
SUPPORTING DOCUMENTATION:  Supporting documentation (8-1) is attached which describes the County's fee schedule.

ITEM #:  8-4
PAGE:  4
PROJECT NAME/DEBT OBLIGATION:  Live Oak/Arrow Highway/605 FWY
FUND SOURCE:  Reserve Fund, RPTTF
AMOUNT:  $964,037
DESCRIPTION:  Contract with AECOM executed on May 18, 2011. The contract is an enforceable obligation.
SUPPORTING DOCUMENTATION: Contract (8-4) is attached.

ITEM #: 8-5
PAGE: 4
PROJECT NAME/DEBT OBLIGATION: Manning Pit
FUND SOURCE: Reserve Fund, RPTTF
AMOUNT: $1,071,686
SUPPORTING DOCUMENTATION: Contract (8-5) is attached.

ITEM #: 8-13
PAGE: 5
PROJECT NAME/DEBT OBLIGATION: Los Angeles Street Bridge Improvement
FUND SOURCE: Reserve Fund
AMOUNT: $663,000
DESCRIPTION: Cooperative Agreement with County of Los Angeles executed on June 14, 2006. The contract is an enforceable obligation.
SUPPORTING DOCUMENTATION: Contract (8-13) is attached.

Ken Lee
Community Development Director/
Redevelopment Consultant
CITY OF IRWINDALE
D: 626.430.2213
C: 562.972.4033
E: klee@ci.irwindale.ca.us

-----Original Message-----
From: McDowell, Terrance [mailto:Terrance.McDowell@dof.ca.gov]
Sent: Wed 5/9/2012 2:51 PM
To: Ken Lee
Cc: Suess, Evelyn; Barr, Michael; kburns@auditor.lacounty.gov
Subject: Irwindale RDA ROPS - Supporting Documents Requested

Mr. Lee,

Please email supporting documentation (executed contracts/agreements) for the line items listed below no later than 5 p.m. on May 15, 2012.
Also, please reply to this email listing all line items from the Irwindale ROPS you have determined to be administrative costs.

If you have any questions, feel free to contact me at the phone number provided below. Thank you.

Item #
Page
Project Name/Debt Obligation

http://mail.irwindale.ca.us/exchange/klee/Sent%20Items/RE:%20Irwindale%20RDA%20R... 6/16/2012
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<tr>
<td>The Northridge Group</td>
<td>LMIHF</td>
</tr>
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<td>7-12</td>
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<tr>
<td>Duran Property Remediation</td>
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<td>Weed Abatement Services for Successor Agency Assets/Properties</td>
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<td>Reserve Fund, RPTTF</td>
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Environmental Due Diligence, Review, & Documentation - Property Disposition by Successor Agency
Reserve Balance, RPTTF
$521,588
Manning Pit
Reserve Fund, RPTTF
$1,071,686

Los Angeles Street Bridge Improvement
Reserve Fund
$663,000

Terry McDowell Jr.
Analyst
Department of Finance
915 L Street
Sacramento, CA 95814
(916) 322-2985, ext. 3181
You forwarded this message on 4/19/2012 10:59 AM.
Attachments can contain viruses that may harm your computer. Attachments may not display correctly.

Ken Lee

From: Ken Lee											Sent: Mon 3/19/2012 5:07 PM
To: McDowell, Terrance
Cc: Barr, Michael; Laura Nomura; Eva Contreras
Subject: RE: Irwindale - Draft ROPS

Hi Terry:

Good timing. Please see attached bond documents for your review. I just received them, including the 2003 and 2005 Official Statements for the housing bonds and the Supplemental Indentures of Trust. Section 304 of the Supplemental Indentures of Trust include the following requirement: "The Agency shall disburse moneys from the Taxable Bond Proceeds Account solely for the purpose of paying the costs of low and moderate income housing projects which meet the requirements of Section 33334.2, 33334.3 and 33334.6 of the Redevelopment Law. The Agency shall comply with all applicable provisions of the Redevelopment Law relating to the approval of such projects and the expenditure of the proceeds of the 2003/2005 Bonds to finance such projects." Please let me know if you would like us to provide the complete Indentures of Trust.

I will follow up with you regarding The Northridge Group line item with any additional and relevant information or documents.

Many thanks,

Ken Lee
Community Development Director/
Redevelopment Consultant
CITY OF IRWINDALE
D: 626.430.2213
C: 562.972.4033
E: klee@ci.irwindale.ca.us

-----Original Message-----
From: McDowell, Terrance [mailto:Terrance.McDowell@dof.ca.gov]
Sent: Mon 3/19/2012 4:54 PM
To: Ken Lee
Cc: Barr, Michael
Subject: RE: Irwindale - Draft ROPS

Hello Ken,

I am in the process of completing my review of the Initial Recognized Obligation Payment Schedule for the City of Irwindale.
Please submit supporting documentation for the Affordable Housing Projects (line item#4, page 2) by tomorrow.

Also, please email me the construction contract for the Northridge Group Project (line item#14, page 3). Your email below states that Phase II is currently under construction. Thank you.
Hi Terry-

Thank you for your email. I am working with City staff to assemble bond documents for the "Affordable Housing Projects" item and will send them to you by the end of this week. In the meantime, with regard to the Northridge Group item, please use this FTP link to download the Disposition and Development Agreement (an affordable housing regulatory agreement is attached to it):

http://www.filesanywhere.com/fs/v.aspx?v=8a6f648761667475ad6c

Both the Disposition and Development Agreement (see Section 708 beginning on Page 43 and the Financial Analysis in Exhibit "H") and regulatory agreement contain provisions for contractually guaranteed rents for tenants over a 55-year period (this is the term of the affordability covenants which will begin when Phase II of the project is completed and available for lease; it is literally under construction now) facilitated through rent subsidies obligated to the Redevelopment Agency's Low and Moderate Income Housing Fund. The agreements only provide half the picture. Given the dissolution of the Redevelopment Agency, we needed to calculate total funding we are required to have available over the 55-year period to meet our rent subsidy obligations as they are triggered. The total projected amount of estimated rent subsidies is $2,450,534 (or $2,500,000 rounded up).

Our methodology for estimating this amount is provided in the attached PDF and is consistent with the requirements of the Disposition and Development Agreement. Again, this is an obligation of the former Low and Moderate Income Housing Fund. The Irwindale Housing Authority, which was selected to be the successor to the former Redevelopment Agency's housing functions, duties, responsibilities, and assets does not have a revenue stream or existing fund balance to comply with this obligation, absent monies from what is on deposit in the former Low and Moderate Income Housing Fund and additional funding through either the former Redevelopment Agency's non-housing fund balance or future revenue allocations from the Redevelopment Property Tax Trust Fund.

If you have any follow-up questions, please contact me anytime. Thank you.

Ken Lee
Community Development Director/
Redevelopment Consultant
CITY OF IRWINDALE
(o) 626.430.2213
(c) 562.972.4033
klee@ci.irwindale.ca.us
Good morning Ken,

I left you a voicemail this morning. I wanted to ask a couple questions regarding a few items that were listed on the Irwindale EOPS that are not listed on the Irwindale Draft ROPS. Overall, the Draft ROPS looks fine.

Please note as defined in HSC section 34171(b) Successor Agency administrative costs must be capped at 5 percent of the property tax allocation to the Successor Agency for the 2011-12 fiscal year.

I would like to review the following items listed below from the Irwindale Draft ROPS. Please email me supporting documentation (signed contracts, agreements or other legally binding documents with execution dates) for these items.

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<td>Project Name/Debt Obligation</td>
<td>Payee</td>
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<tr>
<td>Description</td>
<td>Fund Source (Tax Increment, Low-Mod, Bond Revenues, etc.)</td>
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<tr>
<td>Amount</td>
<td>$2,644,063</td>
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Affordable Housing Projects
Irwindale Housing Authority
Production, preservation, and rehabilitation of affordable housing as required by bond indentures/covenants for the 2003/2005 Housing Bonds.
Bond Proceeds
$2,644,063
The Northridge Group

Las Casistas Rent Subsidy - to be determined based upon recorded covenants, estimated amount for 55 years

Low and Moderate Income Housing Fund; Fund/Reserve Balance

$2,500,000

If you have questions, feel free to contact me at the phone number provided below or email me. Thank you.

Terry McDowell Jr.
Lead Analyst
Department of Finance
915 L Street, Floor #8
Sacramento, CA 95814
(916) 322-2985, ext. 3181
DATE: June 21, 2012

TO: Oversight Board of the Successor Agency to the Irwindale Community Redevelopment Agency

FROM: John Davidson, Executive Director

SUBJECT: Transfer of Housing Responsibilities to the Irwindale Housing Authority

Recommendation

That the Oversight Board adopt “A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY DIRECTING THE TRANSFER OF HOUSING RESPONSIBILITIES AND ALL RIGHTS, POWERS, DUTIES, AND OBLIGATIONS TO THE IRWINDALE HOUSING AUTHORITY.”

Discussion

On January 11, 2012, pursuant to Health and Safety Code Section 34176(b)(2), the City Council of the City of Irwindale (“City Council”) adopted Resolution No. 2012-09-2548 electing not to retain the housing functions and assets of the former Irwindale Community Redevelopment Agency (“ICRA”) and instead selecting the Irwindale Housing Authority (“Housing Authority”) to perform the housing functions of the ICRA, and transferring all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the ICRA to the Housing Authority. Health and Safety Code Section 34181(c) provides that the Oversight Board shall direct the Successor Agency to “transfer all housing responsibilities and all rights, powers, duties, and obligations along with any amounts on deposit in the Low and Moderate Income Housing Fund to the appropriate entity pursuant to Section 34176.”

The draft resolution fulfills this statutory requirement, including direction to the Successor Agency to transfer $1,334,000 in encumbered funds for enforceable obligations from the Low and
Moderate Income Housing Fund (“Housing Fund”) to the Housing Authority. At the Board’s April 26, 2012 Special Meeting, the Board recognized that specified rent subsidies obligated by the “Disposition and Development Agreement for Las Casitas Phase II” (or “Northridge DDA”), entered into on March 23, 2011 between and among the former Agency, Irwindale Housing Authority, and The Northridge Group, Inc., as listed in the ROPS, are an enforceable obligation of the Housing Fund, and that the estimated net present value of monies from the Housing Fund necessary to finance the rent subsidies is $1,334,000. The Oversight Board took the position that, as an enforceable obligation of the Housing Fund, the amount of $1,334,000 on deposit in the former Agency’s Housing Fund is to be considered encumbered monies that should be retained to fulfill the obligation. Pursuant to Health and Safety Code Section 34181(c), such encumbered funds on deposit in the Housing Fund are to be transferred to the Irwindale Housing Authority, as the successor housing agency to the former Agency’s housing functions, assets, and responsibilities, for the purpose of making enforceable obligation payments under the Northridge DDA.

PREPARED BY: KEN LEE, COMMUNITY DEVELOPMENT DIRECTOR/REDEVELOPMENT CONSULTANT
626.430.2213
klee@ci.irwindale.ca.us
OVERSIGHT BOARD RESOLUTION NO. 2012-__-____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY DIRECTING THE TRANSFER OF HOUSING RESPONSIBILITIES AND ALL RIGHTS, POWERS, DUTIES, AND OBLIGATIONS TO THE IRWINDALE HOUSING AUTHORITY

WHEREAS, pursuant to Assembly Bill 26 of the First Extraordinary Session of the 2011-2012 Legislative Session ("ABX1 26") (Chapter 5, Statutes of 2011), the Irwindale Community Redevelopment Agency was effectively dissolved as of February 1, 2012; and

WHEREAS, pursuant to ABX1 26, the City Council of the City of Irwindale adopted Resolution No. 2012-09-2548 electing not to retain the housing functions and assets of the former Irwindale Community Redevelopment Agency ("ICRA") and instead selecting the Irwindale Housing Authority ("Housing Authority") to perform the housing functions of the ICRA, and transferring all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the ICRA to the Housing Authority; and

WHEREAS, pursuant to ABX1 26, an oversight board must be formed for each jurisdiction where a redevelopment agency previously existed to oversee the dissolution activities managed and administered by the Successor Agency; and

WHEREAS, in accordance with California Health and Safety Code Sections 34179 et seq., appointments to the Oversight Board of the Successor Agency to the ICRA ("Oversight Board") were duly made by the appropriate agencies prior to May 1, 2012; and

WHEREAS, Health and Safety Code Section 34181(c) requires the Oversight Board to direct the transfer of the former ICRA’s housing responsibilities and all rights, powers, duties, and obligations along with any amounts on deposit in the Low and Moderate Income Housing Fund ("Housing Fund") to the Irwindale Housing Authority pursuant to Health and Safety Code Section 34176; and

WHEREAS, as approved by the Oversight Board on April 26, 2012 as part of the Successor Agency’s Recognized Obligation Payment Schedules, $1,334,000 that are on deposit in the Housing Fund are deemed to be encumbered funds for rent subsidy payments obligated under the “Disposition and Development Agreement for Las Casitas Phase II,” entered into on March 23, 2011 between and among the former Agency, Irwindale Housing Authority, and The Northridge Group, Inc.

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

Section 1. Recitals. The Recitals set forth above are true and correct and incorporated herein by reference.
Section 2. **Transfer of Housing Responsibilities and Encumbered Housing Funds.** In accordance with Health and Safety Code Section 34181(c), the Oversight Board hereby directs the transfer of housing responsibilities and all rights, powers, duties, and obligations to the Irwindale Housing Authority, along with amounts on deposit in the Low and Moderate Income Housing Fund encumbered for enforceable obligations, totaling $1,334,000.

**PASSED AND ADOPTED** at a regular meeting of the Oversight Board of the Successor Agency to the Irwindale Community Redevelopment Agency, on the 21st day of June, 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

______________________________
Bill Scroggins, Chairman

ATTEST:

______________________________
Laura Nieto, Secretary
DATE: June 21, 2012

TO: Oversight Board of the Successor Agency to the Irwindale Community Redevelopment Agency

FROM: John Davidson, Executive Director

SUBJECT: Report on Transfer of Housing Assets

Recommendation

Receive and file.

Discussion

On January 11, 2012, pursuant to Health and Safety Code Section 34176(b)(2), the City Council of the City of Irwindale (“City Council”) adopted Resolution No. 2012-09-2548 electing not to retain the housing functions and assets of the former Irwindale Community Redevelopment Agency (“ICRA”) and instead selecting the Irwindale Housing Authority (“Housing Authority”) to perform the housing functions of the ICRA, and transferring all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the ICRA to the Housing Authority. The Housing Authority concurrently adopted Resolution No. HA 2012-01-034 affirmatively agreeing to accept the housing assets and functions of the dissolved ICRA.

Upon the effective date of the ICRA’s dissolution, all “rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the [ICRA], excluding any amounts in the Low and Moderate Income Housing Fund,” were by operation of law transferred to the Housing Authority on February 1, 2012. Health and Safety Code Section 34177(g) also requires the Successor Agency to the ICRA (“Successor Agency”) to “effectuate” the transfer of the ICRA’s housing functions and assets to the Housing Authority. In accordance with these statutory requirements, Successor Agency staff is currently “effectuating” the transfer of housing assets to the
Housing Authority including, but not limited to: land purchased with or owned by the Low and Moderate Income Housing Fund ("Housing Fund"); loans, notes, and other receivables of the Housing Fund; and long-term affordability covenants from past programs like the Low and Moderate Income Home Improvement Program and First Time Homebuyer Program.

Staff is continuing to review its records to ensure that all assets are accounted for. Notable assets at this time include land holdings outlined in Table 1 below, and a loan receivable of $11,287,738, plus interest. The loan is for repayment from the non-Housing Fund to the Housing Fund for property that was partially purchased with Housing Fund proceeds (78.725%), but was ultimately developed with non-housing uses (the Huy Fong Foods Headquarters/Manufacturing Facility) due to an unanticipated train derailment and chemical spill, and incompatibility with surrounding industrial uses. The loan value is based on 78.725 percent of fair market value of the property when it was sold to the developer/Huy Fong Foods. Repayment will occur as the 10-year note for the property is paid off by Huy Fong Foods.

All proceeds from the sales of any assets, including land holdings, are considered receivables of the former Housing Fund and, therefore, will be received by the Housing Authority and used solely for the production, preservation, and rehabilitation of housing affordable to low and moderate income families.

### ICRA Land Holdings: Housing Fund

<table>
<thead>
<tr>
<th>APN</th>
<th>Address</th>
<th>Estimated Acreage</th>
</tr>
</thead>
<tbody>
<tr>
<td>8415-001-906</td>
<td>SWC Olive St/Azusa Canyon Rd</td>
<td>189.7</td>
</tr>
<tr>
<td>8417-002-007</td>
<td>4618 Nora Avenue</td>
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<tr>
<td>8417-028-907</td>
<td>15848 Juarez Street</td>
<td>0.21</td>
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<tr>
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<tr>
<td>8619-012-909</td>
<td>16233 Arrow Hwy</td>
<td>0.94</td>
</tr>
</tbody>
</table>

*Source: City of Irwindale, Department of Finance*
DATE: June 21, 2012

TO: Oversight Board of the Successor Agency to the Irwindale Community Redevelopment Agency

FROM: John Davidson, Executive Director

SUBJECT: Asset Management, Transfer, and Disposition Framework

Recommendation

Receive and file.

Discussion

Health and Safety Code Sections 34177(e) and 34181(a) provide the mandate and the statutory guidance for the disposition or transfer of assets and properties of the former Irwindale Community Redevelopment Agency (“ICRA”). More specifically, Section 34181(a) requires that the Oversight Board direct the Successor Agency of the ICRA (“Successor Agency”) to “Dispose of all assets and properties of the former redevelopment agency that were funded by tax increment revenues of the dissolved redevelopment agency; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, and fire stations, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset.” The statute goes on to establish that “Disposal shall be done expeditiously and in a manner aimed at maximizing value.”

Staff will present a verbal report on: (1) the Successor Agency’s and Oversight Board’s responsibilities related to property disposition and/or transfers; (2) a framework for programmatically addressing key questions about the timing and approach for managing, transferring, and disposing of assets; and (3) strategies for “maximizing value” as “expeditiously” as possible, with due consideration given to market
conditions and securing long-term revenue streams that benefit the taxing entities.

PREPARED BY:  KEN LEE, COMMUNITY DEVELOPMENT DIRECTOR/ REDEVELOPMENT CONSULTANT
626.430.2213
klee@ci.irwindale.ca.us
DATE: June 21, 2012

TO: Oversight Board of the Successor Agency to the Irwindale Community Redevelopment Agency

FROM: John Davidson, Executive Director

SUBJECT: Continued Occupancy of Successor Agency Property Under Month-to-Month Tenancy – 242 Live Oak Avenue, Irwindale, California

Recommendation

That the Oversight Board adopt “A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY RATIFYING SUCCESSOR AGENCY CONSENT TO THE CONTINUED OCCUPANCY OF SUCCESSOR AGENCY PROPERTY LOCATED AT 242 LIVE OAK AVENUE.”

Discussion

United Site Services, Inc. has held a 10-year lease for property located at 242 Live Oak Avenue, formerly owned by the Irwindale Community Redevelopment Agency (“ICRA”). The lease was scheduled to expire on June 20, 2012 but contains a 10-year renewal option which the lessee chose not to exercise, as stated in a letter dated December 15, 2011 (attached), prior to the dissolution of the ICRA. At that time, the lessee requested the ability to continue occupancy of the property under a month-to-month arrangement upon expiration of the lease. On June 11, 2012, the lessee sent a follow-up letter reiterating that request and specifically requesting that the rental rate continue at the same rate.

Per California Civil Code Sections 1945 and 1946, upon termination of a lease, the continued occupancy of real property becomes a month-to-month tenancy if rent continues to be paid. With the dissolution of the ICRA, the lease revenues from this property benefit the taxing entities in the Redevelopment Project Area. Health and Safety Code
Section 34181(e) provides that the Oversight Board may direct the Successor Agency to renegotiate an agreement with a private party if it will reduce liabilities and increase net revenues to the taxing entities, and that the Oversight Board may approve an amendment to an agreement if it finds that the amendment would be in the best interests of the taxing entities. Under California Civil Code Sections 1945 and 1946, staff does not believe formal direction or action to renegotiate or amend the lease is required. However, due to specific language in the lease that addresses the event of a lease holdover, staff is requesting Oversight Board ratification of the Successor Agency’s authority to provide written consent to the lessee for the continued occupancy of the property under a month-to-month arrangement at the same rental rate. A letter was sent to the lessee on June 14, 2012 providing written consent, subject to Oversight Board ratification on June 21, 2012.

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OVERSIGHT BOARD RESOLUTION NO. 2012-__-____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY RATIFYING SUCCESSOR AGENCY CONSENT TO THE CONTINUED OCCUPANCY OF SUCCESSOR AGENCY PROPERTY LOCATED AT 242 LIVE OAK AVENUE

WHEREAS, pursuant to Assembly Bill 26 of the First Extraordinary Session of the 2011-2012 Legislative Session (“ABX1 26”) (Chapter 5, Statutes of 2011), the Irwindale Community Redevelopment Agency (“Redevelopment Agency”) was effectively dissolved as of February 1, 2012; and

WHEREAS, pursuant to ABX1 26, an oversight board must be formed for each jurisdiction where a redevelopment agency previously existed to oversee the dissolution activities managed and administered by the Successor Agency; and

WHEREAS, in accordance with California Health and Safety Code Sections 34179 et seq., appointments to the Oversight Board of the Successor Agency to the ICRA (“Oversight Board”) were duly made by the appropriate agencies prior to May 1, 2012; and

WHEREAS, Health and Safety Code Section 34181(e) provides that the Oversight Board may direct the Successor Agency to “Determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the oversight board for its approval,” and “The board may approve any amendments to or early termination of such agreements where it finds that amendments or early termination would be in the best interests of the taxing entities”; and

WHEREAS, California Civil Code Sections 1945 and 1946 provide that, upon termination of a lease, the continued occupancy of real property becomes a month-to-month tenancy if rent continues to be paid in a timely manner; and

WHEREAS, the former Redevelopment Agency owned property located at 242 Live Oak Avenue with Assessor Parcel Number 8532-004-900 (the “Property”), which is now under ownership of the Successor Agency pursuant to ABX1 26; and

WHEREAS, the lease for the Property with the current lessee, United Site Services, Inc. (the “Lessee”), was scheduled to expire on June 20, 2012; and

WHEREAS, pursuant to California Civil Code Sections 1945 and 1946, the Successor Agency sent a letter to the Lessee on June 14, 2012 providing consent, subject to Oversight Board ratification, to the continued occupancy of the Property by the lessee under a month-to-month tenancy at the same rental rate as of June 20, 2012.
NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. **Recitals.** The Recitals set forth above are true and correct and incorporated herein by reference.

Section 2. **Ratification of Consent.** In accordance with Health and Safety Code Section 34181(e), the Oversight Board hereby ratifies Successor Agency consent provided to the Lessee on June 14, 2012 to continue occupancy of the Property under a month-to-month tenancy at the same rental rate as of June 20, 2012, pursuant to California Civil Code Sections 1945 and 1946.

PASSED AND ADOPTED at a regular meeting of the Oversight Board of the Successor Agency to the Irwindale Community Redevelopment Agency, on the 21st day of June, 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

________________________________
Bill Scroggins, Chairman

ATTEST:

________________________________
Laura Nieto, Secretary
June 11, 2012

Gaetano D'Anna, General Counsel and Secretary
United Site Services, Inc.
200 Friberg Parkway, Suite 4000
Westborough, MA 01581

SUBJECT: Notice to Lessees – February 1, 2012 Dissolution of the Irwindale Community Redevelopment Agency

Dear Gaetano D'Anna:

You are receiving this letter because, as of January 31, 2012, you or your company held a lease with the Irwindale Community Redevelopment Agency (“ICRA”) for ICRA-owned property located at 242 East Live Oak Avenue with Assessor Parcel Number 8532-004-900 (“Property”). On December 15, 2011, you sent a letter formally notifying the ICRA that United Site Services, Inc. has elected not to exercise its option to renew the lease for an additional 10-year term, and requested that, upon continued payment of rent, that the continued occupancy of the property become a month-to-month tenancy. The lease is scheduled to expire on June 20, 2012.

This letter serves as notification that the ICRA was effectively dissolved on February 1, 2012 by operation of law and no longer exists. The City of Irwindale has elected to serve as “Successor Agency” to the ICRA and now holds the lease for the Property. While this change of ownership should not have any immediate impact on your lease or any of the terms and conditions contained therein, you should be aware of the responsibilities of the City as Successor Agency in effectuating the dissolution of the ICRA, including the disposition of properties formerly owned by the ICRA. The following provides a summary of the legislation impacting former redevelopment agency owned properties and actions the City as Successor Agency has taken and will be taking in the coming months.

2011 REDEVELOPMENT LEGISLATION

On January 10, 2011, newly-elected Governor Jerry Brown released a budget proposal that proposed to eliminate all redevelopment agencies in the State of California. After many months of debate, the Legislature enacted two bills, Assembly Bill 26X (Blumenfield) and Assembly Bill 27X (Blumenfield), Chapters 5 and 6, respectively, of the First Extraordinary Session (also referred to as “ABX1 26” and “ABX1 27”). Both bills were signed by the Governor and chaptered on June 29, 2011. The California Redevelopment Association and League of California Cities subsequently sued the State and on December 29, 2011, the California State Supreme Court issued an opinion in the case of California Redevelopment Association v. Matosantos upholding ABX1 26 and striking down ABX1 27. The combined effect was the outright elimination of more than 400 redevelopment agencies throughout the State. The dissolution became effective on February 1, 2012.
DISPOSITION OF PROPERTIES OWNED BY FORMER REDEVELOPMENT AGENCY

Prior to the dissolution of the ICRA, the City of Irwindale affirmatively elected to serve as Successor Agency to the ICRA and is now responsible for winding down the affairs of the former ICRA, including paying off pre-existing debt obligations and disposing of ICRA-owned properties. The City is basically acting as a steward of the former ICRA’s assets and liabilities until the former ICRA is effectively unwound and completely dissolved on or before 2027. Until then, the City as Successor Agency has no authority to reopen or amend lease agreements. All terms and conditions contained in any lease agreements, however, remain in full force and effect. This is important to understand because, in accordance with California Health and Safety Code Section 34177(e), the City as Successor Agency is required to: “Dispose of assets and properties of the former redevelopment agency as directed by the oversight board” which is “to be done expeditiously and in a manner aimed at maximizing value.”

The statutes do not provide any further guidance on the timing for property disposition or with whom the Successor Agency should negotiate property purchases, other than the requirement that it be completed under the direction of an appointed “Oversight Board.” We anticipate that discussions regarding property disposition will begin to take place with the Oversight Board of the Irwindale Successor Agency during the next few months. We will keep you apprised of the status of these discussions, including any disposition proposals for the Property, so that you/your company has as much time as possible to evaluate all options available to you/your company in the event that your lease includes options for renewals or extensions. In the meantime, if you have interest in being considered for the acquisition of the site occupied by your lease, or if you have suggestions of any party that may be so interested, please contact me to discuss. If such an interest exists, we will evaluate whether it would be appropriate for the City as Successor Agency to present that information to the Oversight Board. Alternatively, we fully assume that the purchase and sale of any former ICRA properties will include the assumption of any existing lease agreements, including the lease for the Property.

LEASE TERM

As discussed earlier, the lease is scheduled to expire on June 20, 2012. Per California Civil Code Sections 1945 and 1946, upon termination of a lease, the continued occupancy becomes a month-to-month tenancy. In prior correspondence, you concurred that the lease becomes a month-to-month lease, and wish to have it based on the same rental rate as applicable prior to expiration.

With the dissolution of the ICRA, these lease revenues, in fact, benefit other taxing entities in the area. California Health and Safety Code Section 34181(e) provides that the Oversight Board may direct the Successor Agency to renegotiate an agreement with a private party if it will reduce liabilities and increase net revenues to the taxing entities, and that the Oversight Board may approve an amendment to an agreement if it finds that the amendment would be in the best interests of the taxing entities. Consistent with the lease agreement, your prior correspondences, state law, and the timing for future disposition of the Property, it is our intent to provide consent to a month-to-month tenancy based on the same rental rate as applicable prior to expiration. We are planning to seek Oversight Board concurrence on June 21, 2012.
If you have any questions or concerns, please do not hesitate to contact me at any time. My contact information is listed below.

Sincerely,

Ken Lee
Community Development Director/
Redevelopment Consultant
CITY OF IRWINDALE
5050 N. Irwindale Avenue
Irwindale, California 91706
E-mail: klee@ci.irwindale.ca.us
Phone: (626) 430-2213

cc: Edward Medvic, Vice President, Business Development, United Site Services, Inc.
    John Davidson, City Manager
    Camille Diaz, Assistant City Manager
    Fred Galante, City Attorney (Aleshire & Wynder)
June 11, 2012

VIA Email: klee@ci.irwindale.ca.us

Irwindale Community Redevelopment Agency
City Hall
5050 North Irwindale Avenue
Irwindale, CA 91706
Attn: Ken Lee, Redevelopment Project Manager

Re: Lease Agreement as amended, modified and/or supplemented between 242 Live Oak, LLC (Lessor) and United Site Services of California, Inc. successor in interest to American Classic Sanitation, LLC (Lessee) for premises located at 242 Live Oak Avenue, Irwindale, California

Dear Mr. Lee:

On December 15, 2011, we sent you a letter formally notifying the Irwindale Community Redevelopment Agency that United Site Services of California, Inc. has elected not to exercise its option to renew the lease for an additional 10-year term and, instead, wished to continue tenancy under a month-to-month arrangement. While we understand that Paragraph 26 of the Lease Agreement provides that any holdover on the lease shall result in a 150 percent increase in the base rent, we are requesting that the Successor Agency to the Redevelopment Agency consent to a holdover without any such increase. This would provide for an ongoing stream of lease revenues while the Successor Agency determines the future disposition of the property.

Should you have any questions, please feel free to contact me directly at 727-786-2893.

Sincerely,

Edward A. Medvic
Vice President, Business Development

EAM/rmr