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Americans with Disabilities Act ("ADA"): In compliance with the ADA, if you need special assistance to participate in the meeting, please contact the City Clerk's office at (323) 583-8811. 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.

**Agenda
City of Vernon
Special Meeting of the Successor Agency
to the Redevelopment Agency
Tuesday, March 21, 2017, 9:00 a.m.,
or as soon thereafter as the City Council adjourns its meeting
Council Chamber
4305 Santa Fe Avenue
Vernon, CA 90058**



*William J. Davis, Chairperson
Yvette Woodruff-Perez, Vice Chairperson
Luz Martinez, Member
Melissa Ybarra, Member
Leticia Lopez, Member*

CALL TO ORDER

CHANGES TO THE AGENDA

PUBLIC COMMENT - At this time the public is encouraged to address the Successor Agency to the Redevelopment Agency on any matter that is within the subject matter jurisdiction of the Successor Agency. The public will also be given a chance to comment on matters which are on the posted agenda during deliberation on those specific matters.

NEW BUSINESS

1. [A Resolution of the City Council of the City of Vernon acting as the Successor Agency of the Redevelopment Agency of the City of Vernon, approving an agreement regarding expenditure of excess bond proceeds between the Successor Agency and the City of Vernon \[2005 Tax Allocation Bonds\]](#)

Recommendation:

- A. Find that adoption of the proposed resolution for approval of the Agreement Regarding Expenditure of Excess Bond Proceeds [2005 Tax Allocation Bonds] is exempt under the California Environmental Quality Act (“CEQA”) because it is a government fiscal activity that will not result in any change to the environment and, therefore, is not a “project” as defined by CEQA Guidelines Section 15378. Even assuming the activity were a “project”, it would be exempt from CEQA review in accordance with CEQA Guidelines Section 15061(b)(3), the general rule that CEQA only applies to projects that may have an effect on the environment; and
- B. Adopt a resolution to approve an Agreement Regarding Expenditure of Excess Bond Proceeds [2005 Tax Allocation Bonds], in substantially the same form as presented herewith.

ORAL REPORTS

- 2. Brief reports on activities, other brief announcements, and directives to staff.

ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing agenda was posted on the bulletin board at the main entrance of the City of Vernon City Hall, located at 4305 Santa Fe Avenue, Vernon, California, and on the City’s website, not less than 24 hours prior to the meeting set forth on this agenda. Dated this 16th day of March 2017.

Maria E. Ayala
City Clerk

RECEIVED

MAR 16 2017

CITY CLERK'S OFFICE



RECEIVED

MAR 16 2017

CITY ADMINISTRATION

CF/DF

STAFF REPORT
SUCCESSOR AGENCY FOR THE
FORMER VERNON REDEVELOPMENT AGENCY

DATE: March 21, 2017

TO: Honorable Chairperson and Members of the Successor Agency for the Former Vernon Redevelopment Agency

FROM: William Fox, Successor Agency Staff Member *W.F.*
Originator: Outside Counsel, Iris Yang of Best Best & Krieger

RE: Agreement Regarding Expenditure of Excess Bond Proceeds [2005 Tax Allocation Bonds]

Recommendation

- A. Find that adoption of the proposed resolution for approval of the Agreement Regarding Expenditure of Excess Bond Proceeds [2005 Tax Allocation Bonds] is exempt under the California Environmental Quality Act ("CEQA") because it is a government fiscal activity that will not result in any change to the environment and, therefore, is not a "project" as defined by CEQA Guidelines Section 15378. Even assuming the activity were a "project", it would be exempt from CEQA review in accordance with CEQA Guidelines Section 15061(b)(3), the general rule that CEQA only applies to projects that may have an effect on the environment; and
- B. Adopt a resolution to approve an Agreement Regarding Expenditure of Excess Bond Proceeds [2005 Tax Allocation Bonds], in substantially the same form as presented herewith.

Background

Health and Safety Code Section 34191.4(c) provides that after the Successor Agency to the Redevelopment Agency has received a Finding of Completion from the state Department of Finance ("DOF"), the Successor Agency is authorized to use the bond proceeds from bonds issued on or before December 31, 2010, in a manner consistent with the original bond covenants. Further, the Successor Agency may designate the use of and commit indebtedness obligation proceeds that were derived from indebtedness issued for redevelopment purposes after January 1, 2011, and that remain available after the satisfaction of enforceable obligations that have been

approved on a Recognized Obligation Payment Schedule (“ROPS”) and that are consistent with the indebtedness obligation covenants (hereafter “Excess Bond Proceeds”).

The Successor Agency received its Finding of Completion from DOF on April 17, 2013.

The Successor Agency and City previously approved an Agreement Regarding Expenditure of Excess Bond Proceeds [2005 Tax Allocation Bonds] (“Agreement”) to transfer all the excess bond proceeds from the Excess Bond Proceeds from the Redevelopment Agency’s Industrial Redevelopment Project Tax Allocation Bonds, Series 2005, dated October 4, 2005 (the “2005 Bonds”) held by the Successor Agency to the City to be expended in a manner consistent with the applicable bond covenants. The Agreement was approved by the Oversight Board by Resolution No. 42 on January 17, 2017, and submitted to the State Department of Finance (“DOF”) for review as required by Health and Safety Code Section 34179(h).

By letter dated March 10, 2017, DOF notified the Successor Agency that it did not approve Oversight Board Resolution No. 42 because the amount of excess bond proceeds specified to be transferred to the City included bond reserves and tax revenue. DOF returned Resolution No. 42 to the Oversight Board for reconsideration.

The City and Successor Agency have revised the Agreement to revise the amount of 2005 bond proceeds eligible for transfer to the City pursuant to Health and Safety Code Section 34191.4(c).

The revised Agreement must be approved by the Oversight Board, and is subject to review by DOF. DOF has approved similar agreements transferring bond proceeds from a Successor Agency to the City. If the revised Agreement is approved by the Oversight Board, the Successor Agency may list the revised Agreement as an enforceable obligation on the Recognized Obligation Payment Schedule (“ROPS”).

The proposed Agreement Regarding Expenditure of Excess Bond Proceeds between the City and Successor Agency (which has been approved as to form by outside counsel) would permit all Excess Bond Proceeds from the 2005 Bonds to be transferred from the Successor Agency to the City, which in turn must use the proceeds in accordance with the bond covenants. As of June 30, 2016, the Successor Agency had \$22,892,349.60 in Excess Bond Proceeds available from the 2005 Bonds. The exact amount of Excess Bond Proceeds shall be determined by the Successor Agency, and as agreed to by the DOF.

Fiscal Impact

Approval of the revised Agreement would allow the transfer of the remaining proceeds from the 2005 Tax Allocation Bond issuance to the City for the City to administer. These agreements have been approved by the Department of Finance for other successor agencies and their cities.

Attachment(s)

1. Resolution Approving the Agreement Regarding Expenditure of Excess Bond Proceeds [2005 Tax Allocation Bonds]

RESOLUTION NO. SA-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
VERNON ACTING AS THE SUCCESSOR AGENCY OF THE
REDEVELOPMENT AGENCY OF THE CITY OF VERNON,
APPROVING AN AGREEMENT REGARDING EXPENDITURE OF
EXCESS BOND PROCEEDS BETWEEN THE SUCCESSOR AGENCY
AND THE CITY OF VERNON [2005 TAX ALLOCATION BONDS]

WHEREAS, pursuant to Assembly Bill X1 26, enacted on June 28, 2011, Assembly Bill 1484, enacted on June 27, 2012, and other subsequent legislation (collectively, the "Dissolution Law"), the Redevelopment Agency of the City of Vernon ("Redevelopment Agency") was dissolved on February 1, 2012; and

WHEREAS, pursuant to Health and Safety Code Section 34173, the City of Vernon elected to serve as the Successor Agency to the Redevelopment Agency and pursuant to Health and Safety Code Section 34173(g), the Successor Agency is a separate public entity from the City; and

WHEREAS, pursuant to Health and Safety Code Section 34191.4(c), after a successor agency has received a finding of completion from the state Department of Finance ("DOF"), a successor agency, with the approval of its oversight board, may list enforceable obligations to expend excess bond proceeds on its Recognized Obligation Payment Schedule ("ROPS"), so long as such expenditures are consistent with the bond covenants; and

WHEREAS, the Successor Agency received a Finding of Completion from DOF on April 17, 2013; and

WHEREAS, the Successor Agency has excess bond proceeds from the Redevelopment Agency's Industrial Redevelopment Project Tax Allocation Bonds, Series 2005 ("2005 Bonds"); and

WHEREAS, the Successor Agency, by Resolution No. SA-23, and City previously approved an Agreement Regarding Expenditure of Excess Bond Proceeds [2005 Tax Allocation Bonds] ("Agreement") to have all the excess bond proceeds from the 2005 Bonds held by the Successor Agency transferred to the City to be expended in a manner consistent with the applicable bond covenants, which Agreement was approved by the Oversight Board by Resolution No. 42 on January 17, 2017; and

WHEREAS, by letter dated March 10, 2017, the California Department of Finance ("DOF") notified the Successor Agency that it was not approving Oversight Board Resolution No. 42 because the amount of excess bond proceeds specified to be transferred to the City included 2005 bond reserves and tax revenue, and DOF returned Resolution No. 42 to the Oversight Board for reconsideration; and

WHEREAS, the City and Successor Agency have revised the Agreement to revise the amount of 2005 bond proceeds eligible for transfer to the City pursuant to Health and Safety Code Section 34191.4(c); and

WHEREAS, the Successor Agency had, as of June 30, 2016, approximately \$22,892,349.60 in bond proceeds, with the exact amount to be transferred to the City to be approved by the DOF.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VERNON ACTING AS THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF VERNON AS FOLLOWS:

SECTION 1: The City Council of the City of Vernon Acting as the Successor Agency of the Redevelopment Agency of the City of Vernon hereby finds and determines that the above recitals are true and correct.

/ / /

SECTION 2: The City Council of the City of Vernon Acting as the Successor Agency of the Redevelopment Agency of the City of Vernon hereby finds that this action is exempt under the California Environmental Quality Act ("CEQA") because it is a government fiscal activity that will not result in any change to the environment and, therefore, is not a "project" as defined by CEQA Guidelines Section 15378. Even assuming the activity were a "project", it would be exempt from CEQA review in accordance with CEQA Guidelines Section 15061(b)(3), the general rule that CEQA only applies to projects that may have an effect on the environment.

SECTION 3: The City Council of the City of Vernon Acting as the Successor Agency of the Redevelopment Agency of the City of Vernon hereby approves the revised Agreement Regarding Expenditure of Excess Bond Proceeds [2005 Tax Allocation Bonds] ("Agreement"), in substantially the same form as the copy which is attached hereto as Exhibit A.

SECTION 4: Subject to the conditions set forth in Section 5, below, the Chair of the Successor Agency is hereby authorized and directed to execute the Agreement Regarding Expenditure of Excess Bond Proceeds [2005 Tax Allocation Bonds], on behalf of the Successor Agency, in substantially the form attached hereto as Exhibit A, subject to any minor, technical and clarifying changes as may be approved by the Successor Agency Counsel. The City Administrator, as the Executive Director of the Successor Agency, or his designee, is hereby authorized and directed to take such actions as are necessary and appropriate to implement said Agreement on behalf of the Successor Agency.

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SECTION 5: The approvals and authorizations set forth in Sections 3 and 4 of this Resolution are conditioned upon all of the following:

a. Approval of the Agreement Regarding Expenditure of Excess Bond Proceeds by the City Council; and

b. Approval of the Agreement Regarding Expenditure of Excess Bond Proceeds by the Oversight Board, and submittal of such action to DOF for review in accordance with Health and Safety Code Section 34179(h); and

c. Approval by DOF of the Oversight Board's action to approve the Agreement Regarding Expenditure of Excess Bond Proceeds, or if DOF does not request a review within five business days, the Oversight Board's action becomes effective in accordance with said Section 34179(h).

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SECTION 6: The City Clerk, or Deputy City Clerk, of the City of Vernon, as Secretary to the Successor Agency, shall certify to the passage, approval and adoption of this resolution, and the Secretary of the Successor Agency shall cause this resolution and the Secretary's certification to be entered in the File of Resolutions of the Board of the Successor Agency.

APPROVED AND ADOPTED this 21st day of March, 2017.

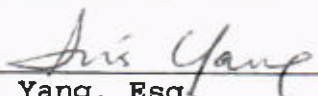
Name: _____

Title: Chairman / Vice Chairman

ATTEST:

Maria E. Ayala, Secretary

APPROVED AS TO FORM:



Iris Yang, Esq.
Best Best & Krieger LLP,
Special Counsel to the Successor Agency

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

I, Maria E. Ayala, acting on behalf of the Successor Agency as its Secretary, do hereby certify that the foregoing Resolution, being Resolution No. SA-___, was duly passed, approved and adopted by the City Council of the City of Vernon Acting as the Successor Agency of the Redevelopment Agency of the City of Vernon at a special meeting of the Successor Agency duly held on Tuesday, March 21, 2017, and thereafter was duly signed by the Chairman or Vice Chairman of the Successor Agency.

Executed this _____ day of March, 2017, at Vernon, California.

Maria E. Ayala, Secretary

(SEAL)

EXHIBIT A

Exhibit A

**AGREEMENT REGARDING
EXPENDITURE OF EXCESS BOND PROCEEDS
[2005 Tax Allocation Bonds]**

**AGREEMENT REGARDING
EXPENDITURE OF EXCESS BOND PROCEEDS
[2005 Tax Allocation Bonds]**

This Agreement Regarding Expenditure of Excess Bond Proceeds (“Agreement”) is entered into this 21st day of March, 2017, by and between the Successor Agency to the Redevelopment Agency of the City of Vernon (“Successor Agency”) and the City of Vernon, a charter city (“City”). The Successor Agency and the City are hereinafter collectively referred to as the “Parties.”

RECITALS

A. Pursuant to the Community Redevelopment Law (Health & Saf. Code §33000 *et al.*) (“CRL”), the former Redevelopment Agency of the City of Vernon (“Redevelopment Agency”) was responsible for implementing the Redevelopment Plan for the Industrial Project Area (the “Redevelopment Project Area”), originally adopted by the City Council of the City of Vernon (“City Council”).

B. Pursuant to an Indenture of Trust Agreement, dated October 1, 2005, executed by and between the Redevelopment Agency and the Bank of New York Trust Company, N.A., as Trustee, (the “Trust Agreements”), the Redevelopment Agency issued Tax Allocation Bonds as more fully described below (collectively, the “2005 Bonds”).

C. Following dissolution of the Redevelopment Agency on February 1, 2012, pursuant to Assembly Bill 1X 26, the City elected to serve as the Successor Agency to the Redevelopment Agency. Pursuant to Health and Safety Code Section 34173(g), the Successor Agency is a separate public entity from the City.

D. Health and Safety Code Section 34191.4(c) provides that once the Successor Agency has been issued a Finding of Completion by the California Department of Finance (“DOF”), the Successor Agency is authorized to use bond proceeds from bonds issued on or before December 31, 2010, in a manner consistent with the original bond covenants. Further, the Successor Agency may designate the use of and commit indebtedness obligation proceeds that were derived from indebtedness issued for redevelopment purposes after January 1, 2011, and that remain available after the satisfaction of enforceable obligations that have been approved on a Recognized Obligation Payment Schedule (“ROPS”) and that are consistent with the indebtedness obligation covenants (hereafter “Excess Bond Proceeds”).

E. The DOF issued a Finding of Completion to the Successor Agency on April 17, 2013.

F. Health and Safety Code Section 34191.4(c) further provides that the expenditure of Excess Bond Proceeds must be listed separately on the applicable ROPS.

G. The Parties desire to enter into this Agreement to use the Excess Bond Proceeds for the purposes identified in and consistent with the covenants contained in the Trust Agreement and related documents (the "Bond Covenants") and the requirements of the CRL, and to provide for the Successor Agency to transfer the Excess Bond Proceeds to the City to be used for such purposes.

H. The execution of this Agreement was approved in a public meeting of the City Council and the Successor Agency on March 21, 2017.

I. This Agreement was approved by the Oversight Board for the Successor Agency in a public meeting on _____, 2017.

J. The Oversight Board's action to approve this Agreement was submitted to DOF pursuant to Health and Safety Code Section 34179(h), and DOF approved this Agreement on _____, 2017.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and promises herein contained, the Parties hereby agree as follows:

1. Recitals. The Recitals above are true and correct and are incorporated herein by reference.

2. Term. The term of this Agreement shall commence on the Effective Date, and shall continue in effect until the date that all Excess Bond Proceeds are expended in accordance with the requirements of this Agreement.

3. 2005 Bonds. The following bonds were issued by the Redevelopment Agency: Redevelopment Agency of the City of Vernon Industrial Redevelopment Project Tax Allocation Bonds, Series 2005, in the amount of \$49,420,000, dated October 4, 2005, to be used to finance various public improvements within or benefiting the Redevelopment Project Area. As of June 30, 2016, the Successor Agency had approximately \$22,892,349.60 in Excess Bond Proceeds available from the 2005 Bonds. The exact amount of Excess Bond Proceeds shall be determined by the Successor Agency, and as agreed to by the DOF.

4. Use of Excess Bond Proceeds. The City agrees that it shall use the Excess Bond Proceeds available from the 2005 Bonds identified above solely for the purposes identified in Recital G., above, or for other projects consistent with the 2005 Bond Covenants and the provisions of the CRL, as may be amended from time to time, that apply to the expenditure of such Excess Bond Proceeds.

5. Transmittal of Excess Bond Proceeds. Subject to the last sentence of Section 3, above, upon the Effective Date, the Successor Agency shall transfer the Excess Bond Proceeds (including any interest accrued thereon as of the Effective Date) to the City, and the City shall deposit such funds into a separate 2005 Excess Bond Proceeds Account for the City's use in accordance with the terms, conditions and purposes set forth in this Agreement.

6. Project Approvals; Environmental Review. This Agreement is not intended to limit in any manner the discretion of the City in connection with the issuance of approvals and entitlements for the projects described in this Agreement, nor to avoid legally required processes attendant to project approval, including, without limitation, the undertaking and completion of any required environmental review pursuant to the California Environmental Quality Act and the National Environmental Protection Act, as applicable, and the review and approval of plans and specifications.

7. Severability. If any term, provision, covenant, or condition set forth in this Agreement is held by the final judgment of a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions, covenants, and conditions shall continue in full force and effect to the extent that the basic intent of the Parties as expressed herein can be accomplished. In addition, the Parties shall cooperate in good faith in an effort to amend or modify this Agreement in a manner such that the purpose of any invalidated or voided provision, covenant or condition can be accomplished to the maximum extent legally permissible.

8. No Third-Party Beneficiaries; Assignments. Nothing in this Agreement is intended to create any third-party beneficiaries to this Agreement, and no person or entity other than the Successor Agency and the City, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.

9. Further Assurances. Each Party agrees to execute, acknowledge and deliver all additional documents and instruments, and to take such other actions as may be reasonably necessary to carry out the intent of the transactions contemplated by this Agreement.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

12. Amendment. This Agreement may be modified or amended, in whole or in part, only by an instrument in writing, executed by the Parties.

13. Effective Date. This Agreement shall be effective when signed by both parties, and approved by the Oversight Board and DOF.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

CITY OF VERNON

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF VERNON**

By: _____
Carlos Fandino, City Administrator

By: _____
Chairperson

Attest:

Attest:

By: _____
Maria E. Ayala, City Clerk

By: _____
Secretary

Approved as to Form:

Approved as to Form:

By: _____
Hema Patel, City Attorney

By: _____
Legal Counsel