

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
OF THE WEST COVINA
REDEVELOPMENT AGENCY**

A G E N D A

West Covina City Council Chambers, 1st Floor
1444 West Garvey Avenue, West Covina, CA 91790

**THURSDAY, NOVEMBER 1, 2012
4:00 p.m.**

Carrie A. Sutkin, Chairperson
Michael Touhey, Vice Chairperson
Luzmaria Chavez, Board Member
Robert R. Coghlan, Board Member
Mike Gregoryk, Board Member
Gerry Hertzberg, Board Member
Mike Lee, Board Member

AMERICANS WITH DISABILITIES ACT

The Board complies with the Americans with Disabilities Act (ADA). If you will need special assistance at Board Meetings, please call (626) 939-8433 (voice) or (626) 960-4422 (TTY) from 8 to 5 Monday through Thursday, at least 48 hours prior to the meeting make arrangements.

AGENDA MATERIAL

Agenda material is available for review at the West Covina City Clerk's Office, Room 317 in City Hall, 1444 W. Garvey Avenue and at www.westcovina.org. Any writings or documents regarding any item on this agenda not exempt from public disclosure, provided to a majority of the Oversight Board that is distributed less than 72 hours, before the meeting, will be made available for public inspection in the City Clerk's Office, Room 317 of City Hall during normal business hours.

PUBLIC COMMENT

Any member of the public may address the Board on items within the Board's subject matter jurisdiction during Public Comments. The Board may not take action on matters not listed on the posted agenda. If you would like to address the Board, please complete a Speaker Card and submit to the Board Secretary. All comments are limited to five (5) minutes per speaker. All speakers shall observe decorum and order as specified in the *Rules of Procedure of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency*.

AGENDA

Thursday, November 1, 2012
4:00 p.m.

I. CALL TO ORDER

A. Roll Call

Carrie A. Sutkin, Chairperson
Michael Touhey, Vice Chairperson
Luzmaria Chavez, Board member
Robert R. Coghlan, Board Member
Mike Gregoryk, Board member
Gerry Hertzberg, Board Member
Mike Lee, Board Member

B. Pledge of Allegiance

II. CHANGES TO THE AGENDA

III. PUBLIC COMMENT

This is the time set aside for public comments. Please step forward to the podium and state your name and city of residence for the record when recognized by the Chairperson. Comments are limited to five (5) minutes per speaker.

IV. CONSENT CALENDAR

All matters listed on the CONSENT CALENDAR are considered to be routine and can be acted on by one roll call vote. There will be no separate discussion of these items unless members of the Oversight Board request a specific item to be removed from the Consent Calendar for separate discussion or action.

A. Approval of Minutes (receive and file)

Regular meeting minutes of August 2, 2012

Recommended Action

To approve all items on the Consent Calendar as recommended

Except: _____

V. BUSINESS ITEM(S)

A. Transfer of Assets at Eastland/Lakes/Westfield to the Parking Authority of the City of West Covina

Recommended Action

Staff recommends that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency adopt the following resolution:

RESOLUTION NO. OB-0017 - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF REAL PROPERTY (ASSETS) LOCATED AT EASTLAND SHOPPING CENTER (8451-012-907), LAKES OFFICE DEVELOPMENT (8474-011-942 & 943) AND WESTFIELD PLAZA (8474-003-915, 918, 928, 929, 931, 932, 933, 934, 935, 939, & 940) TO THE PARKING AUTHORITY OF THE CITY OF WEST COVINA

B. Transfer of Assets at BKK to the City of West Covina

Recommended Action

Staff recommends that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency adopt the following resolution:

RESOLUTION NO. OB-0018 - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF REAL PROPERTY (ASSETS) LOCATED AT WEST COVINA SPORTSPLEX/BKK LANDFILL (8735-001-912, 915, 916, 917, 918, 919, 920, 921, 928, 929, 930, 931, 932, 933, AND 934, 8735-002-906, 909 AND 910) TO THE CITY OF WEST COVINA

C. Department of Finance Correspondence

Recommended Action

It is recommended that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency receive and file this report.

VI. EXECUTIVE DIRECTOR/SUCCESSOR AGENCY REPORTS

VII. STUDY SESSION

VIII. BOARD MEMBERS' COMMENTS

IX. CLOSED SESSION

X. ADJOURNMENT

Copies of staff reports or other written documentation, if any, relating to each item of business described above are on file in the West Covina City Hall, City Clerk's Office, 1444 West Garvey Avenue, West Covina CA 91790, and are available for public inspection upon request during regular business hours of 8:00 a.m. to 5:30 p.m., Monday through Thursday.

Should any person have a question concerning any of the above agenda items prior to the meeting described herein, he or she may contact Christopher J. Chung, Community Development Commission, either in person at the Community Development Commission Department at the West Covina City Hall, 1444 West Garvey Avenue, West Covina, CA 91790, or by calling via telephone at (626) 939-8401 during regular business hours.

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
OF THE WEST COVINA REDEVELOPMENT AGENCY**

MINUTES

Regular Meeting - Thursday, August 2, 2012

I. CALL TO ORDER:

Meeting was called to order at 4:09 p.m. by Chairperson Sutkin, followed by the Pledge of Allegiance.

Roll Call Chairperson Sutkin, Vice Chairperson Touhey
Board Members Coghlan, Gregoryk (arrived at 4:15 p.m.), Hertzberg, Lee

Absent: Board Member Chavez

Staff: City Manager/Executive Director Pasmant, Finance Director Bachman,
Oversight Board Secretary Rush

II. CHANGES TO AGENDA No changes to the agenda.

III. PUBLIC COMMENT

Lloyd Johnson, West Covina resident, stated that he does not think the City of West Covina needs a \$43 million bond for a golf course, that money can be spent elsewhere.

Philip Moreno, West Covina resident, reiterated his statements from the previous meeting regarding the proposed golf course project stating the City Council had not complied with specific laws and requested the Board to get a legal opinion of whether bonds can be issued without a public hearing, the total redevelopment agency debt, and whether the city will default on any bonds or loans.

IV. CONSENT CALENDAR

- A. Approval of Minutes (receive and file)**
Regular Meeting Minutes of April 19, 2012

ACTION ON CONSENT CALENDAR

Motion by Hertzberg and seconded by Touhey to approve all items on the consent calendar as presented.

Motion carried 5-0.

Board Member Gregoryk arrived 4:15 p.m.

V. BUSINESS ITEMS:

A. Recognized Obligation Payment Schedule and Successor Agency Administrative Budget

Report presented by Finance Director Tom Bachman. Bachman explained that the ROPS are obligations of the former redevelopment agency and he explained the types on items included on the ROPS. Schedule being presented is considered ROPS III covering the period of January 1, through June 30, 2013. Bachman also explained the process of ROPS, once approved by the Oversight Board, the final submittal is to the Department of Finance (DOF). The DOF will make the final determination as to whether a listed item is considered an enforceable obligation. The DOF did reject certain enforceable obligations on ROPS I and II and are resubmitted on III.

Board engaged in conversation regarding items that had been disallowed and are subsequently being resubmitted on ROPS III. Discussion included the process of the ability to resubmit disallowed items through appeal and a meet and confer process.

The Board requested to receive copies of all communications between the DOF and the City/Successor Agency as they transpire and to agendize an information report of communications.

Chairperson Sutkin requested an opinion on the meet and confer process from County counsel.

Ms. Coates, Los Angeles County Counsel Office, address the meet and confer process if a Successor Agency where to dispute submitted enforceable obligations disallowed by the DOF.

The Board engaged in discussion regarding the appeal/meet and confer processes and it's applicability under AB 1484 and the items denied prior to AB 1484.

Successor Agency Attorney Alvarez-Glasman also opined on provisions of the bill and meet and process of disputed items.

The Board continued a lengthy regarding ROPS line items, the Boards ability to remove items that have not been removed by the DOF, and criteria of an enforceable obligation.

Following discussion the Board concurred they would not conclude their discussion this evening and would continue at a subsequent meeting scheduled prior to the required September 1, 2012 submittal date.

B. Change in Oversight Board Meeting Date for September 6, 2012

Chairperson Sutkin requested dates to meet for a subsequent meeting in August to continue the ROPS discussion.

The Board concurred to meet on August 23, 2012 at 4:00 p.m. and concurred with the cancelation of the September 6, 2012 meeting.

C. Review of RFQ Responses for Legal Services for the West Covina Oversight Board

Chairperson Sutkin provided a brief overview of the RFQ process conducted stating five proposals were received and the ad-hoc committee has selected two firms for interviews which will be conducted next week on August 8 at West Covina City Hall.

Board Members discussed the ability of having legal counsel under contract prior to the next Oversight Board meeting.

VI. STUDY SESSION

No Items

VII. BOARD MEMBER COMMENTS

Board Member Hertzberg requested to agendize Cal Trans condemnation along the 10 freeway for information and discussion.

VIII. CLOSED SESSION

No items.

IX. ADJOURNMENT

Meeting adjourned at 5:29 p.m.

Submitted by

Susan Rush
Oversight Board Secretary

TO: Chairman and Board Members of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency

FROM: Andrew G. Pasmant, City Manager/Executive Director

BY: Christopher J. Chung, Successor Agency Staff Member

SUBJECT: TRANSFER OF ASSETS AT EASTLAND/LAKES/WESTFIELD TO THE PARKING AUTHORITY OF THE CITY OF WEST COVINA

RECOMMENDATION:

Staff recommends that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency adopt the following resolution:

RESOLUTION NO. OB-0017 - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF REAL PROPERTY (ASSETS) LOCATED AT EASTLAND SHOPPING CENTER (8451-012-907), LAKES OFFICE DEVELOPMENT (8474-011-942 & 943) AND WESTFIELD PLAZA (8474-003-915, 918, 928, 929, 931, 932, 933, 934, 935, 939, & 940) TO THE PARKING AUTHORITY OF THE CITY OF WEST COVINA

PURPOSE:

This report recommends that the Oversight Board approve the transfer 14 properties to the Parking Authority of the City of West Covina pursuant to pre-existing agreements as provided for in Sections 34177 (e) and 34181 (a) of the California Health and Safety Code.

BACKGROUND:

Due to legislation known as Assembly Bill 1X 26 (“*AB1X 26*”) and the Supreme Court’s ruling in California Redevelopment Association et al v Matosantos et al, all redevelopment agencies including the City of West Covina Redevelopment Agency were dissolved as of February 1, 2012.

On January 10, 2012, the City Council of the City of West Covina (“*City*”) adopted Resolution No. 2012-1 in which the City elected to become the “*Successor Agency*” to the former Redevelopment Agency pursuant to AB1X 26 (Part 1.85 of Division 24 of the California Health and Safety Code). The Successor Agency is charged with selling assets, repaying existing indebtedness, completing performance of existing contractual obligations and otherwise winding

down the operations of the former redevelopment agency while preserving agency assets for the benefit of taxing agencies.

On January 17, 2012, the City adopted Ordinance 2226 and Resolutions 2012-10 and 2012-11, declaring the need for the Community Development Commission (CDC) in the City of West Covina to function as the City of West Covina Housing Authority and transferring all duties, powers and responsibilities of the West Covina Housing Authority to the Community Development Commission. On April 19, 2012, the Oversight Board to the Successor Agency of West Covina Redevelopment Agency authorized the City of West Covina Community Development Commission ("CDC Housing Authority") as the successor to the housing function of the former West Covina Community Development Commission (redevelopment agency) and directed 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. Such transfer of housing responsibilities, rights, powers, duties and obligations includes any and all housing assets as provided for in current law and any future amendments thereof. There are no further actions required with respect to transferring any housing assets.

On June 27, 2012, the Governor of California approved AB 1484, an act to amend Section 53760.1 of the Government Code relating to community redevelopment, and making an appropriation therefore, to take effect immediately, bill related to the budget.

Health and Safety Code Section 34177 (h) states that the Successor Agency is required to *"expeditiously wind down the affairs of the redevelopment agency pursuant to the provisions of this part and in accordance with the direction of the oversight board."*

Health and Safety Code Section 34177 (e) states that the Successor Agency is required to *"dispose of assets and properties of the former redevelopment agency as directed by the oversight board; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of certain assets pursuant to subdivision (a) of Section 34181. The disposal is to be done expeditiously and in a manner aimed at maximizing value. Proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the oversight board, shall be transferred to the county auditor-controller for distribution as property tax proceeds under Section 34188."*

Under Section 34181 (a) of the California Health and Safety Code, it states that the oversight board shall direct the successor agency to *"Dispose of all assets and properties of the former 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, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value."*

The Parking Authority of the City of West Covina ("Parking Authority") was formed on July 26, 1971 (City Council Resolution No. 4415) as a public corporation created under and exercising powers pursuant to the Parking Law of 1949, Part 2 of Division 18, commencing at Section

32500, of the Street and Highways Code of the State of California. The purpose of the Parking Authority was to create and maintain free parking to the public.

DISCUSSION:

Health and Safety Code Section 34177 (e) and 34181 (a) states that the Oversight Board may direct the Successor Agency to transfer "Government Purpose" assets to the appropriate public jurisdiction pursuant to existing agreements relating to the construction or use of such asset. Protected and replacement habitat areas, public roads, sign easements, water tank and water line easements, public municipal golf course and public parking facilities providing free parking to the public is considered to be a "governmental purpose" uses.

Based on the State of California Department of Finance's ("DOF's") website (http://www.dof.ca.gov/redevelopment/property_disposition/), DOF has clarified the steps for the disposition of "Governmental Purpose Property" and "Non-Governmental Purpose Property." DOF indicates that Governmental Purpose Property can be treated separately and different from Non-Governmental Purpose Property pursuant to Section 34177. The disposition of Governmental Purpose Property is not subject to the Finding of Completion and Long Term Property Management Plan, whereas Non-Governmental Purpose Property is subject to the Due Diligence review of LMIH Fund, Due Diligence Review of other accounts and funds, the Finding of Completion and the Long Term Property Management Plan.

DOF states the 3 steps for disposition of Governmental Purpose Property are as follows:

<p>1. Submit for Oversight Board for Approval.</p>	<ul style="list-style-type: none"> All successor agency actions to transfer ownership of those assets that were constructed and used for governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such assets shall be submitted to the Oversight Board for approval.
<p>2. DOF review of Oversight Board Action.</p>	<ul style="list-style-type: none"> The actions of the Oversight Board shall be subject to review by the Department of Finance (DOF) pursuant to Section 34179, except that the department may extend its review period to 60 days.
<p>3. Outcomes of DOF review.</p>	<ul style="list-style-type: none"> If DOF objects to the transfer, the property shall remain with the successor agency for inclusion in the Long-Range Property Management Plan. If no action or objection is made by DOF, the Oversight Board action shall be considered final and conclusive.

A majority of assets or properties owned by the former redevelopment agency were not acquired using (or funded by) tax increment revenues, but from City and bond proceeds such as Certificate of Participations issued through the City's Parking Authority or from City funds (i.e. City loans). Several assets were owned by the City of West Covina and transferred to the former redevelopment agency as a public purpose and therefore, the City believes that a majority of

assets should be retained by the City for public purpose. All assets and properties serve a governmental purpose pursuant to existing agreements relating to the construction or use of such asset and could qualify to be transferred to the appropriate public jurisdiction (Parking Authority and City).

Several assets were owned by the City of West Covina and transferred to the former redevelopment agency as part of different agreements for a public purpose and therefore, the City believes that a majority of assets should continue to be retained by the City for public purpose. All assets and properties serve a public/governmental purpose pursuant to existing agreements relating to the construction or use of such asset and could qualify to be transferred to the appropriate public jurisdiction (Parking Authority and City). **It is important to note that these parking facilities have not been used solely for public parking for commercial businesses and its patrons, but rather have been utilized for much broader governmental purposes that include general public parking, post office parking, and park and ride facilities.**

Notwithstanding the above, there is clear authority that supports the proposition that parking and parking structures are a legitimate governmental purpose. See *Larsen v. City & County of San Francisco* (1957) 152 Cal.App.2d 355, 369-370 (endorsing concept of parking serving a public purpose and rejecting claims that a public parking project served no public purpose and was for the benefit of only a few merchants in the immediate vicinity).

The former redevelopment agency of the City of West Covina currently retains title (ownership) to fourteen (14) individual parcels located in three (3) different developments. The developments are called the Eastland Shopping Center, The Lakes Office Development, and the Westfield Plaza (Mall). Most of the Oversight Board members have toured these sites with staff previously.

Eastland Shopping Center:

The asset/property at the Eastland Shopping Center is comprised of 1 parcel of approximately 5.83 acres in size (Attachment No. 2). The parcel ("Parcel D") was acquired in 1986 from May Centers for the sole purpose of providing "free and non-exclusive public parking facility" to the general public and to patrons of the Eastland Shopping. Parcel D is subject to an Owner Participation Agreement (OPA), a Public Parking Facilities Operation Agreement (PPFOA), Grant Deed, and Reciprocal Easement Agreements (REA's) restricting the use and operation of the parcel as non-exclusive public parking. Parcel D is comprised of surface parking stalls, lighting, infrastructure, curb and gutter, landscaping and ingress and egress (roads and driveways) for the easterly section of the Eastland Shopping Center.

The OPA was executed on July 27, 1977 and provided for redevelopment of the Eastland Shopping Center, conveyance of Parcel D (total 6.74 acres) to the Agency, and an agreement for the Agency that the "*use of Parcel D shall be non-exclusive so as to allow patrons of the retail stores on the Site to use any and all parking facilities located on Parcel D without charge*" for a period of 50 years from the date of conveyance to Agency (Attachment No. 2 - A).

The Public Parking Facilities Operation Agreement (PPFOA) (Attachment No. 2 - B) was executed on November 23, 1977 and provides for the Agency to contract with the

Operator to manage, operate and maintain the parking facilities located on Parcel D at no cost to the Agency, *“for the public purpose for which the same is or is to become owned by the Agency, to wit: for use by the general public as off-street free public parking for patrons of the Eastland Shopping Center located on Parcels A, B, and C and for patrons of other businesses in the City of West Covina.”* The Operator is obligated to pay for taxes, duties and fees levied on Parcel D and maintain and make repairs to the parking facilities in good repair at Operator’s sole expense for a 50 year term (November 23, 2027).

The Grant Deed of Parcel D (Attachment No. 2 – C) was executed on December 28, 1982 covenants that *“the Property shall be used solely for use by the public as off-street free parking in accordance with the terms of such Operating Agreement, for fifty (50) years from the date of this Grant Deed, subject to Grantor’s right to re-purchase and develop it as hereinabove provided.”*

A Reciprocal Easement Agreement (REA) was executed on September 21, 1988 and encompassed properties owned by the developer, tenants and former redevelopment agency. There are still unresolved issues related to the REA and the impact is unclear as to the ability to sell the property. The REA restated the Developer reserved rights under the Grant Deed and further provided for a 5 to 1 parking ratio throughout the entire shopping center (Attachment No. 2 – D). Any party may only make alterations to the parking areas upon prior written consent of other parties, in their sole and absolute discretion. Any reduction in parking ratio must be replaced by the party proposing the reduction. The REA runs with the land and although the 50 year parking covenant as a free and non-exclusive public parking facility ends in 2027, the REA appears to survive in perpetuity and provides for ongoing covenants of reciprocal parking, reciprocal ingress and egress and a required 5 to 1 parking ratio on Parcel D. According to the REA, it may only be terminated upon agreement of all affected parties, which is unlikely to ever occur.

The property owner also maintains a first right (but not obligation) to purchase the property at any time however they have not initiated or exercised such right to purchase, as they already currently receiving free parking at no cost to them.

There are no provisions contained within any existing agreements for compensation to the Successor Agency for the transfer of governmental purpose assets relating to the construction or use of such asset(s) to an inter-governmental agency.

CONCLUSION: Parcel D is a free public parking facility that was acquired and developed for the sole governmental public purpose of providing free public parking to the shopping center and general public pursuant to existing agreements. As Parcel D is encumbered by deed restrictions restricting the use of land strictly for free public parking purposes and is subject to numerous existing agreements, Parcel D should be transferred to the City’s Parking Authority to continue the intended goal of providing free public parking in accordance to existing agreements. There are no provisions within the existing agreements to provide compensation to the Successor Agency for the transfer of the governmental purpose assets. As such, no compensation is being recommended nor required for the transfer of governmental purpose assets to an inter-governmental agency (Parking Authority) under existing statute.

The property assets at the Lakes Office development are comprised of two (2) parcels of approximately 4.16 acres in size (Attachment No. 3) and dedicated entirely for parking related improvements. The two parcels consist of surface parking spaces, one parking structure on each parcel (2 parking structures total), lighting, infrastructure, curb and gutter, landscaping and ingress and egress (roads and driveways). The City of West Covina constructed the improvements. The properties are subject to numerous agreements detailing the development and primarily providing for the development and reservation of a public parking facility to the general public and to patrons of Lakes Office Development, Edwards Theater, Edwards Entertainment Center restaurants and adjacent businesses. The agreements include Lease Agreements, Disposition and Development Agreements, Indenture of Trust Agreement, Reimbursement Agreement, Installment Agreement, Agreement of Sublease, Agreement Regarding Option, Operating Agreement, reciprocal easement agreements (REA's), Implementation Agreements and subsequent numerous amendments.

The two (2) parcels was initially acquired and developed as a public parking facility by the Parking Authority based on a November 1, 1973 Parking Facilities Lease between the City and the Authority. The Parking Authority issued tax-exempt Certificates of Participation ("COP Bonds" (Attachment No. 3 - A) to acquire and construct the improvements and the COP Bonds were later refinanced through 1988 Lease Revenue Refunding Bonds by the redevelopment agency on August 1, 1988 (Attachment No. 3 - B). The redevelopment agency obtained ownership of the asset through lease revenue bond proceeds, which are secured by lease agreements.

On August 1, 1988, the Agency concurrently entered into a Lease Agreement ("Master Lease") with the City, whereby the City leased the public parking facilities from the Agency for an initial 30-year term (August 1, 2018) with eleven (11) additional five-year extensions (2073). Under Article IV, Section 4.1 of the City's Master Lease (Attachment No. 3 - C), "the Project and the Site shall be used solely for the purpose of providing parking and related and incidental uses; and, in case of the portions of the Project and the Site which are not subject to the Developer Sublease, for the purpose of providing parking which is available to members of the general public." Furthermore, under the City's Master Lease and the Indenture of Trust (between the City and Dai-Ichi Kango Bank of California), the Bonds will be paid by the City from the lease payments to be made in accordance to the Master Lease. In the event of condemnation, the Indenture of Trust provides that all proceeds must be submitted to the Bond Trustee for replacement of parking or paying off bond debt. The City's Lease also confirms the use of the parking facilities as governmental purpose.

The Lakes Office Development subleased the public parking facilities from the City under an Agreement to Sublease, dated August 1, 1988 under the same terms of the Master Lease of a initial 30 year period with eleven (11) additional five-year extensions (2073). Under the Agreement to Sublease, the Sublessee leased 25% of all parking spaces for Lakes office use and manages the remaining 75% of parking under the Operating Agreement as a parking facility on an non-exclusive basis for the public and Edwards Entertainment Center (Theater and Restaurants). It is important to note the local Federal Bureau of Investigation is also located at the Lakes Office development (1050 Lakes Drive, Suite 350) and utilizes public parking owned by the Agency, which further reinforces that parking facilities are for governmental purpose.

Under the Amended and Restated Construction, Operation and Reciprocal Easement Agreement ("REA"), the Agency covenanted (Attachment No. 3 - D) that Parking Structure I shall be available for use by the owners of the Watt Parcels and each of their Occupants and Permittees. The Agency further granted a "*nonexclusive easements in common with the general public without preference or priority, on, over and across Parking Structure I for (i) vehicular parking on and vehicular ingress to and, egress from Parking Structure I, and (ii) pedestrian access on, over and across Parking Structure I, as reasonably necessary in connection with the forgoing vehicular parking and access easements.*" The Agency granted the owner of Watt Parcels and each of their Occupants and Permittees the same nonexclusive easements for Parking Structure II.

Although the numerous agreements encumber the properties as public parking facility, the Lakes Office Development property owner maintains a right (but not obligation) to purchase the properties (Agreement Regarding Option) after the bonds are paid in full for \$1,000 for the 25% leased area and full market value for the remaining 75% parking area based on the existing use as a public parking facility. The City's Master Lease survives and maintains public parking until 2073 regardless of whether the purchase option is exercised or not. The terms of the Lakes Office Development Sublease would also continue until 2073 if the option is not exercised. The Lakes Office Development is currently owned by Gateway Crescent LLC, which is completely owned by Los Angeles County Employee Retirement Association (LACERA).

Considering the numerous agreements that encumber the property, outstanding bond payments, the fact that the assets cannot be developed or sold for any other purpose other than a parking facility, it is highly probable that marketing the asset for sale would not yield in any positive offers to purchase the asset(s) from the Successor Agency. In addition, any disposition not approved by the related parties could diminish the rights and value of related agreements and further subject the former redevelopment agency, successor agency and oversight board to potential litigation.

There are no provisions contained within any existing agreements for compensation to the Successor Agency for the transfer of governmental purpose assets relating to the construction or use of such asset(s) to an inter-governmental agency.

CONCLUSION: The Lakes Office Development asset is a free public parking facility that was acquired and developed for the sole governmental purpose of providing free public parking to the Lakes Office Development, Edwards Theater, Lakes Restaurants and surrounding businesses. As the use of the land is restricted for public parking purposes and is subject to numerous existing agreements (including City's Lease), the properties should be transferred to the City's Parking Authority to continue the intended goal of providing free public parking in accordance to existing agreements. It is important to note that land sale proceeds derived from Caltrans condemnation must be paid to the Bond Trustee for replacement of parking and/or retirement of bond debt and not to the former redevelopment agency or its successors in interest. There are no provisions within the existing agreements to provide compensation to the Successor Agency for the transfer of the governmental purpose assets. As such, no compensation is being recommended nor required for the transfer of governmental purpose assets to an inter-governmental agency (Parking Authority) under existing statute.

Westfield Plaza (Mall):

The property assets at the Westfield Plaza are comprised of eleven non-contiguous (11) parcels of approximately 22.47 acres in size (Attachment No. 4) and dedicated entirely for parking related improvements. Ten parcels consist of surface parking spaces, lighting, infrastructure, curb and gutter, landscaping and ingress and egress (roads and driveways). One parcel consists of a three-story parking structure. The use of all 11 parcels is for public parking facilities and subject to numerous agreements, except that one parcel owned by the former redevelopment agency is encumbered by an encroachment permit in which the former redevelopment agency allowed the California Pizza Kitchen building to encroach on Agency land.

All eleven (11) parcels was acquired and developed as a public parking facilities by the Parking Authority. A portion of property within the surface parking came from the City of West Covina in a transfer of property with Caltrans which resulted in the closure of California Street freeway hook off-ramp and the expansion of Vincent Avenue. The Parking Authority initially issued tax-exempt Certificate of Participation ("COP") Bonds (Attachment No 3 - A) to acquire and construct the improvements and the COP Bonds were subsequently financed through a Community Facilities District ("CFD") No. 1989-1 (Fashion Plaza) 1989 Special Tax Bonds (Attachment 4 - A and 4 - B).

The development of the Westfield West Covina Mall started back in 1972, when the former Redevelopment Agency (Agency) entered into a Participation Agreement (dated November 22, 1972) with Sylvan Shulman (Shulman) to develop the mall site. Under the Participation Agreement, property was conveyed to Shulman for development of the mall and the Agency was required to construct a 2,100 space parking garage structure and surface parking. As part of the Participation Agreement, the Shulman and Agency entered into a Construction, Operations, and Reciprocal Easement Agreement (REA), dated November 5, 1973 with the major anchor tenants (Broadway, Bullocks, Penny). The REA was amended several times and was replaced in the Third Amendment to and Restatement of Construction, Operations, and Reciprocal Easement Agreement ("Amended and Restated REA"), dated October 14, 1993. In the Amended and Restated REA (Attachment 4 - C), property owned by the former Redevelopment Agency was covenanted as "*non-exclusive easements in the Agency Tract for ingress to and egress from Agency Tract for the passage and parking of vehicles.*" The easement granted by the Agency "*continue so long as the Grantee's Store is in existence or is in the process of being restored.*" Utility easements that serve the development survive in perpetuity. In the event of condemnation, there is a provision that proceeds must be used for replacement of public parking for the affected area based on parking impacts and requirements.

On July 26, 1989, the West Covina City Council and the Redevelopment Agency (Agency) approved an Owner Participation Agreement (OPA) between the Agency and Sylvan S. Shuman/West Covina Associates (developer). Under the OPA, the developer expanded the Mall and added a new major anchor (May Company), addition of 100,000 sq. ft of mall space, and another 82,000 sq. ft of additional peripheral development. The use of Parking Facilities granted under the OPA (Attachment No. 4 - D) are "*non-exclusive easements to use the parking facilities of the Public Improvements for automobile parking and vehicular and pedestrian access in common with members of the public entitled to use the same so long as the Reciprocal Easement Agreement for the Shopping Center remains in effect. The parking facilities of the public improvements shall be devoted to and available for use as public parking without preference or priority to any person and shall be subject to such reasonable restrictions and regulations as may*

be permitted by applicable tax laws governing the Public Financing.”The total cost estimated for the project was over \$77 million of which \$45 million is attributed to the cost to acquire and construct the public surface parking and relocation of displaced tenants. Under the terms of the OPA, debt service was to be paid back through a combination of a special tax (Mello-Roos) levied on the project (on property owners), sales tax revenues and tax increment revenues.

Parking facilities at the Westfield Plaza (Mall) have been and continued to be utilized for governmental purposes, not only for public parking, but also for other public purposes that include but not limited to park and ride and post office use. While the exact location of the park and ride facilities have changed over time, it has always been intended that the parking facilities would provide a location for park and ride facilities. As such, the parking facilities not only provide public parking to the general public and employees and patrons of the Westfield Mall, but also to other quasi-public and federal uses as well. In addition, Westfield and the City have been in extensive discussions with Foothill transit to dedicate and expand park and ride facilities and to also develop a transit facility at the Westfield Plaza utilizing the parking facilities owned by the Agency.

It is important to note that the City and Agency incurred the costs and risks of lending its monies to help rebuild the Mall while the other taxing districts have received the benefit of all new sales tax revenues without any costs or risks.

There are no provisions contained within any existing agreements for compensation to the Successor Agency for the transfer of governmental purpose assets relating to the construction or use of such asset(s) to an inter-governmental agency.

CONCLUSION: The properties and assets at the Westfield Plaza are restricted for free public parking facilities. The properties and assets was acquired and developed for the sole governmental purpose of providing public parking to the Westfield Plaza and members of the public pursuant to numerous existing agreements. These properties and assets should be transferred to the City’s Parking Authority to continue the intended goal of providing free public parking in accordance to existing agreements. In addition, such transfer to the City’s Parking Authority could also assist in negotiations with Caltrans for the I-10 HOV expansion and with Foothill Transit for the development of a park and ride/transit center. Any land sale proceeds derived from any Caltrans condemnation of property must be utilized to replace lost public parking at the Westfield Mall based on parking ratios and requirements. The former redevelopment agency and/or its successors in interest will not receive any land sale proceeds, but may potentially recover cost (negotiated only) associated with protecting its interest and minimizing liabilities. There are no provisions within the existing agreements to provide compensation to the Successor Agency for the transfer of the governmental purpose assets. As such, no compensation is being recommended nor required for the transfer of governmental purpose assets to an inter-governmental agency (Parking Authority) under existing statute.

JUSTIFICATION ON TRANSFERRING PROPERTIES VERSUS INCLUSION IN LONG RANGE PROPERTY MANAGEMENT PLAN:

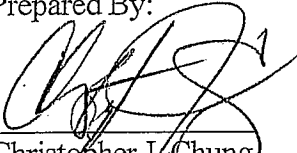
The Oversight Board may have questions regarding whether it is prudent to act now or wait and include the transfer or retention of properties in the Long Range Property Management Plan. The justifications to transfer properties now are as follows:

1. The Successor Agency is charged with expeditiously winding down the affairs of the redevelopment agency pursuant to Section 34177 (h) and in accordance with the direction of the oversight board. The transfer of assets would assist in expediting the winding down of the affairs of the former redevelopment agency and fulfills the primary fundamental goal set by the State of California.
2. The Oversight Board would be following the appropriate process established by the Department of Finance that the Oversight Board should consider the approval/direction of transfer of assets for "Governmental Purpose" prior to the Finding of Completion and the Long Range Property Management Plan. Upon review, if DOF does not approve the transfer of asset for governmental purpose, the retained asset would be included within the Long Range Property Management Plan.
3. The Oversight Board is not required to wait for the Certificate of Finding of Completion and Long Range Property Management Plan. Waiting to act later would result in expending unnecessary funds and staff time that could best be better utilized elsewhere.
4. All assets being proposed for transfer would be for legitimate "governmental purpose" and subject to existing agreements. Parking facilities have been approved by the Department of Finance as legitimate governmental purpose for other cities, which include the City of Placentia and City of La Habra.
5. The transfer of any assets for "governmental purpose" is completely legal and still subject to the approval by Department of Finance. If DOF disapproves any transfer, the disapproved asset must then be addressed in Long-Range Property Management Plan.
6. The approval of transferring properties prior to the Long Range Property Management Plan to appropriate governmental agencies pursuant to existing agreements would result in substantial savings and avoidance of wasting approximately \$70,000 to \$140,000 in appraisal and consultant costs. The Long-Range Property Management Plan requires the Successor Agency to determine estimated value of retained assets. Appraisals can cost approximately \$5,000 to \$10,000 each. In addition, substantial staff time and additional consultant cost would be saved in preparing a report that would result in the same recommendation in Long-Range Property Management Plan by Successor Agency staff that the assets are a governmental purpose that should be transferred to appropriate governmental entities.
7. The transfer of assets to the Parking Authority could expedite addressing, negotiating and resolving the anticipated issue of replacing lost parking as a result of the Caltrans' condemnation of land for the I-10 HOV expansion (Westfield Mall and Lakes Office) pursuant to existing agreements.
8. The transfer of assets to the Parking Authority could result in expediting, resolving and finalizing negotiations with Foothill Transit and Westfield for the proposed development of a park and ride/transit center in the City of West Covina, which has numerous public benefits not only to West Covina residents, but to also commuters into other business hubs (i.e. Downtown Los Angeles, Pasadena, etc.) The Parking Authority would be able to negotiate

property exchanges with Westfield to facilitate the construction of the park and ride parking structure and transit center.

9. The resolution of retention of public parking facility assets would provide reassurances to the public and private parties that their properties have a future and longevity, which may result in encouraging economic development and reinvesting capital into their properties. Current affected private parties have already expressed concerns based on prior comments made by this Board, that they will not reinvest capital into their projects, not knowing the outcome of the disposition of parking facility assets of the former redevelopment agency. One project which is in jeopardy is the Foothill Transit park and ride/transit center in which a portion of properties are owned by the former redevelopment agency.

Prepared By:



Christopher J. Chung
CDC Director

ATTACHMENTS:

Attachment No. 1: Resolution No. OB-0017

Attachment No. 2: Eastland Shopping Center Map

- Attachment No. 2 – A: Excerpt of OPA
- Attachment No. 2 – B: Excerpt of PPFOA
- Attachment No. 2 – C: Excerpt of Parcel D Grant Deed
- Attachment No. 2 – D: Excerpt of REA

Attachment No. 3: Lakes Office Development Map

- Attachment No. 3 – A: Parking Authority Resolution approving issuance of Certificate of Participations for Lakes Office Development and Fashion Plaza (Westfield Mall)
- Attachment No. 3 – B: City Council Resolution approving Lease Revenue Refunding Bonds for Lakes Project
- Attachment No. 3 – C: Excerpt of Lease Agreement
- Attachment No. 3 – D: Excerpt of REA

Attachment No. 4: Westfield Plaza (Mall) Map

- Attachment No. 4 – A: May 4, 1993 City Memorandum
- Attachment No. 4 – B: Excerpts of Official Statement for \$45 million Redevelopment Agency of the City of West Covina Community Facilities District No. 1989-1 (Fashion Plaza) 1989 Special tax Bonds
- Attachment No. 4 – C: Excerpt of Amended and Restated REA
- Attachment No. 4 – D: Excerpt of OPA

Attachment No. 5: Department of Finance Website – Disposition of Governmental and Non-Governmental Purpose Property

Attachment No. 6: Excerpts of 34177, 34181, and 34191.5 of California Health and Safety Code

ATTACHMENT NO. 1

RESOLUTION NO. OB-0017

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF REAL PROPERTY (ASSETS) LOCATED AT EASTLAND SHOPPING CENTER (8451-012-907), LAKES OFFICE DEVELOPMENT (8474-011-942 & 943) AND WESTFIELD PLAZA (8474-003-915, 918, 928, 929, 931, 932, 933, 934, 935, 939, & 940) TO THE PARKING AUTHORITY OF THE CITY OF WEST COVINA

WHEREAS, The former Redevelopment Agency of the City of West Covina (the "Agency") was a redevelopment agency formed, existed and exercised its powers pursuant to California Community Redevelopment Law, Health and Safety Code section 33000 et seq. ("CRL").

WHEREAS, on January 10, 2012, the City Council of the City of West Covina ("City") adopted Resolution No. 2012-1 in which the City elected to become the "Successor Agency" to the West Covina Community Development Commission (also known as the Redevelopment Agency) pursuant to AB1x26 (Part 1.85 of Division 24 of the California Health and Safety Code).

WHEREAS, The Parking Authority of the City of West Covina ("Parking Authority") was formed on July 26, 1971 (City Council Resolution No. 4415) as a public corporation created under and exercising powers pursuant to the Parking Law of 1949, Part 2 of Division 18, commencing at Section 32500, of the Street and Highways Code of the State of California.

WHEREAS, Assembly Bill 1X 26 (the "Dissolution Act") was enacted June 28, 2011, to significantly modify the Community Redevelopment Law (California Health & Safety Code § 33000, et seq.; the "Redevelopment Law").

WHEREAS, Assembly Bill 1484 was enacted June 27, 2012, to modify Redevelopment Law.

WHEREAS, Health and Safety Code § 34177 (e), states that a Successor Agency is required to dispose of assets and properties of the former redevelopment agency as directed by the oversight board.

WHEREAS, Health and Safety Code § 34181 (a) states in part 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.

WHEREAS, The properties located at the Eastland Shopping Center (8451-012-907), having been purchased by the former redevelopment agency for that purpose in order to provide

a public benefit to the businesses, customers and residents in and around the Eastland Shopping Center, pursuant to existing agreements.

WHEREAS, The properties located at the Lakes Office Development (8474-011-942 & 943) are public parking lots and two (2) parking structure, having been acquired and constructed by the Parking Authority of the City of West Covina and subsequent conveyed (refinancing of Parking Authority Certificate of Participation Bonds with Lease Revenue Refunding Bonds) to the former redevelopment agency for that purpose in order to provide a public benefit to the businesses, customers and residents in and around the Lakes Office Development, Edwards Theater, Edwards Entertainment Center restaurants and adjacent businesses, pursuant to existing agreements.

WHEREAS, The property located at the Westfield Plaza (8474-003-915, 918, 928, 929, 931, 932, 933, 934, 935, 939, & 940) are public parking lots and a parking structure, having been acquired and constructed by the Parking Authority of the City of West Covina and subsequent conveyed (refinancing of Parking Authority Certificate of Participation Bonds with Community Facility District Bonds) to the former redevelopment agency for that purpose in order to provide a public benefit to the businesses, customers and residents in and around the Westfield Plaza, pursuant to existing agreements.

WHEREAS, the appropriate public jurisdiction is determined to be the Parking Authority based on existing agreements relating to the construction or use of such assets as public parking facilities benefiting the public.

WHEREAS, The Oversight Board has determined that the transfer of the fourteen (14) subject properties to the Parking Authority is for governmental purposes and provides a public benefit in compliance with Health and Safety Code § 34181 (a) and that the appropriate public jurisdiction is the City of West Covina.

WHEREAS, All legal prerequisites to the adoption of this Resolution have occurred.

NOW THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY HEREBY RESOLVES:

SECTION 1. In all respects as set forth in the Recitals of this Resolution.

SECTION 2. The properties located at Eastland Shopping Center (8451-012-907), Lakes Office (8474-011-942 & 943), and the Westfield Plaza (8474-003-915, 918, 928, 929, 931, 932, 933, 934, 935, 939, & 940) are in compliance with the stated governmental and public benefit purposes and therefore are transferred to the Parking Authority of the City of West Covina as the appropriate public jurisdiction pursuant to existing agreements.

SECTION 3. The Oversight Board authorizes the Successor Agency to transfer the 14 properties to the Parking Authority of the City of West Covina at no compensation.

SECTION 4. The Executive Director, or his designee, is authorized to execute all applicable transfer documentation and conduct necessary recordation of the fourteen properties to the Parking Authority of the City of West Covina.

SECTION 5. The Executive Director, or his designee, hereby is directed to file a copy of this Resolution and supporting documentation with the State of California Department of Finance.

APPROVED AND ADOPTED on this ___ day of November, 2012.

Chairperson
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

ATTEST

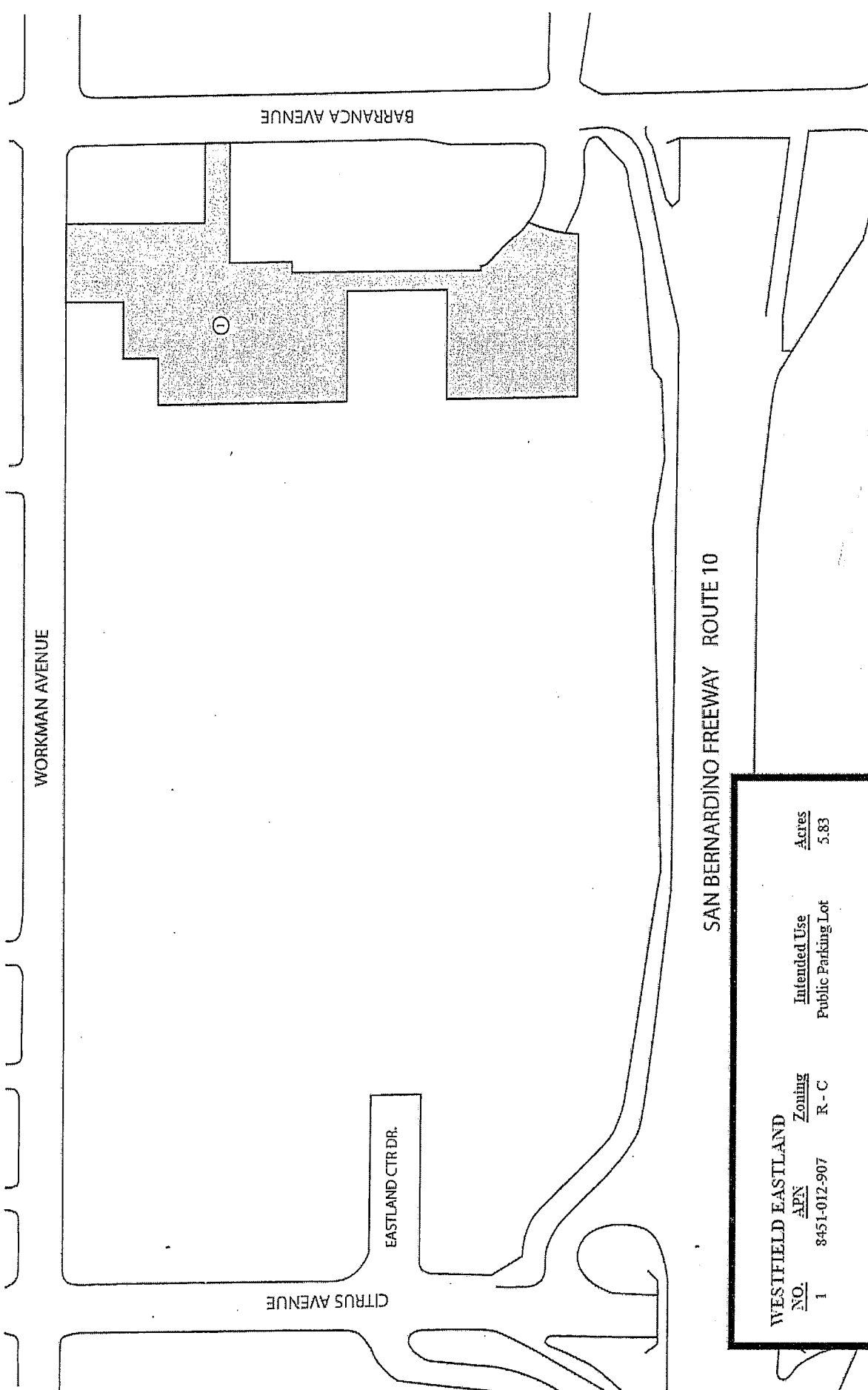
Susan Rush, Secretary
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency at a meeting held on the ___ day of November 2012 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Susan Rush, Secretary
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

Eastland Shopping Center - Parcel D



WORKMAN AVENUE

BARRANCA AVENUE

EASTLAND CTR DR.

CITRUS AVENUE

SAN BERNARDINO FREEWAY ROUTE 10



WESTFIELD EASTLAND			
NO.	APN	Zoning	Acres
1	8451-012-907	R - C	5.83
		Intended Use	
		Public Parking Lot	

ATTACHMENT NO. 2

ATTACHMENT NO. 2 - A

Excerpt of

Property Owner Participation, Purchase
and Sale Agreement
(OPA)

Dated July 27, 1977

For:

EASTLAND SHOPPING CENTER

RECEIVED

JUL 29 1977

CITY CLERK'S OFFICE
CITY OF WEST COVINA

EASTLAND REDEVELOPMENT PROJECT

WEST COVINA, CALIFORNIA

PROPERTY OWNER PARTICIPATION,
PURCHASE AND REDEVELOPMENT AGREEMENT

By and Between

WEST COVINA REDEVELOPMENT AGENCY,

Agency

and

The MAY STORES SHOPPING CENTERS, INC.

Participant

E. [§ 405] Effect of Violation of the Terms
and Provisions of this Agreement
After Completion of Construction.

This Agreement and the covenants with the land contained herein shall run in favor of the Agency and the City of West Covina without regard to whether the Agency or the City of West Covina has been, remains, or is an owner of any land or interest therein in the Site, any parcel, or in the Project area. The Agency and the City of West Covina shall have the right if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which the Agency or the City may be entitled. Wherein covenants are binding on third parties, Participant shall urge and promote compliance but shall not be liable for non-compliance by such third parties.

F. [§ 406] Use of Parcel D for Parking Purposes

The Agency is purchasing Parcel D in order to use it for parking purposes. Said Parcel shall be devoted to such use for a period of fifty (50) years from the date of conveyance of said Parcel to the Agency. The use of Parcel D for parking shall be non-exclusive so as to allow patrons of the retail stores on the Site to use any and all parking facilities located on Parcel D without charge.

The Agency further agrees that portions of Parcel D may be used as a park and ride facility, and that such use shall not be significantly more than the extent and scope as such Parcel is currently used as a park and ride facility.

The parties acknowledge that damages would not be an adequate remedy for breach of this provision and it may therefore be specifically enforced. If Agency sells Parcel D it shall do so subject to this provision and Participants option presented in Section 606 and shall place both of record prior to sale.

ATTACHMENT NO. 2 – B

Excerpt of
Public Parking Facilities Operating Agreement
("PPFOA")

Dated November 23, 1977

For:

EASTLAND SHOPPING CENTER

*Operating - Mt. 16
November 23, 1977*

EASTLAND REDEVELOPMENT PROJECT

PUBLIC PARKING FACILITIES OPERATING AGREEMENT

THIS AGREEMENT, executed in triplicate as of the 23rd day of November, 1977, by and between THE WEST COVINA REDEVELOPMENT AGENCY, a public body, corporate and politic of the State of California (hereinafter sometimes referred to as "Agency"), and ^{THE}MAY STORES SHOPPING CENTERS, INC., a corporation doing business under the laws of the State of California (hereinafter sometimes referred to as "Operator").

W I T N E S S E T H :

WHEREAS, Operator is the owner of certain real property in the City of West Covina, more particularly described as "Parcels A, B, C and E" in a certain "Property Owner Participation Purchase, and Redevelopment Agreement" entered into between Agency and Operator and dated July 27, 1977 (hereinafter sometimes referred to as the "Participation Agreement"), which Parcels are illustrated on the attached Exhibit "A"; and

WHEREAS, Agency is, or is to become, the owner of certain other real property in the City of West Covina, more particularly described as "Parcel D" in the Participation Agreement, on which surface parking facilities have been constructed; and

WHEREAS, it is the intention of Agency that such surface parking facilities be used and operated so that the public shall have the benefit of convenient, free, off-street public parking on Parcel D; and

WHEREAS, the operation and management of such parking facilities in a manner which will produce the desired results present unusual and difficult problems demanding knowledge and experience; and

WHEREAS, Operator has special experience, competence and knowledge in the operation and management of such parking facilities; and

WHEREAS, Operator is operating and managing adjacent parking facilities on Parcel E, and it is practical to operate and manage the parking facilities on Parcels D and E jointly.

NOW, THEREFORE, in consideration of the performance of the mutual promises herein contained at the time and in the manner specified, the parties hereto agree as follows:

NOV 9 1977

SEP 16 1977

Section 1. The Parking Facilities

The parking facilities located on Parcel D to be operated pursuant to the terms hereof consist of the parking facilities referred to in the recitals hereof.

Section 2. Operation of Parking Facilities

Agency hereby contracts with Operator to manage and operate the parking facilities located on Parcel D, together with any other parking improvements constructed thereon, for and on behalf of and at no cost to Agency, for the public purposes for which the same is or is to become owned by the Agency, to wit: for use by the general public as off-street free public parking for patrons of the Eastland Shopping Center located on Parcels A, B, and C and for patrons of other businesses in the City of West Covina. Notwithstanding the foregoing, Operator is permitted to temporarily use Parcel D or parts of Parcel D for conducting promotional activities for the Eastland Shopping Center. The term of this Agreement shall commence on the day on which title to Parcel D is acquired by the Agency. The term of this Agreement shall be for a period of fifty (50) years. Nothing contained in this Agreement shall be construed to permit any use of Parcel D by Operator other than for the management and operation of the public parking facilities.

Section 3. Title to Property

Title to all personal property placed on or about Parcel D by Operator shall remain in Operator. Title to all personal property and fixtures placed on or about Parcel D by Agency shall remain in Agency. Title to all fixtures placed on or about Parcel D by Operator shall remain in Operator unless such fixtures replace fixtures owned by Agency in which event they shall belong to Agency.

Section 4. Duties of Operator

Operator shall manage, operate and maintain the parking facilities on Parcel D, and all appurtenant improvements thereon (but not "park and ride" facilities or improvements as permitted in accordance with Section 406 of the Participation Agreement), for the public purposes for which the same were acquired in accordance with the standards and subject to the controls set forth herein.

ATTACHMENT NO. 2 – C

Excerpt of
Grant Deed
(for Parcel D)

Dated December 27, 1982

For:

EASTLAND SHOPPING CENTER

RECORDING REQUESTED
THE WEST COVINA REDEVELOPMENT AGENCY
West Covina, California
AND WHEN RECORDED MAIL TO
THE WEST COVINA REDEVELOPMENT AGENCY
1111 West Garvey Avenue
West Covina, California 91790

GRANT DEED

Grant Deed
December 29, 1977

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

MAY CENTERS, INC., (formerly known as The May Stores Shopping Centers, Inc.) a Missouri corporation qualified in the State of California and having its principal office at 611 Olive Street, St. Louis, Missouri 63101, GRANTOR,

hereby GRANTS to

THE WEST COVINA REDEVELOPMENT AGENCY, a public body corporate and politic of the State of California, having its principal office at 1444 West Garvey Avenue, West Covina, California 91790, GRANTEE,

ALL that certain real property in the City of West Covina, County of Los Angeles and State of California, described in Exhibit A annexed hereto and delineated on Exhibit B annexed hereto as "Parcel 4", (hereinafter referred to as "the Property"),

SUBJECT to the encumbrances listed in Exhibit C annexed hereto, specifically including the right of Grantor to re-purchase and develop all or any portion of the Property pursuant to the terms of that certain Property Owner Participation, Purchase and Redevelopment Agreement between Grantor and Grantee listed in said Exhibit C, and Grantee shall not mortgage or otherwise encumber the Property without the written consent of Grantor, which consent shall not be unreasonably withheld if any such encumbrance does not pledge any portion of the Property as security for any debt or otherwise restrict its future development, and, in the event of re-purchase, Grantor shall accept title in the same condition as herein granted, subject to such additional encumbrances as are so consented to,

RESERVING to Grantor all rights to oil, gas and other mineral and hydrocarbon substances more than five hundred (500) feet below the surface of the Property, and Grantee shall not have the right to any such oil, gas or other mineral or hydrocarbon substances more than five hundred (500) feet below the surface of the Property, or the right to extract such substances or for any purpose connected therewith, through any opening or penetration from the surface of the Property,

RESERVING to Grantor title to all fixtures and personal property located on the Property and owned by Grantor,

RESERVING to Grantor all rights and benefits, subject to all conditions and burdens, of that certain Public Parking Facilities Operating Agreement made by Grantor and Grantee November 23, 1977 (the "Operating Agreement"), for the term of said Operating Agreement; and in accordance therewith, the Property shall be used solely for use by the public as off-street free public parking in accordance with the terms of such Operating Agreement, for fifty (50) years from the date of this Grant Deed, subject to the Grantor's right to re-purchase and develop it as hereinabove provided,

RESERVING to Grantor all rights and easements in the Property necessary or appropriate for operation and management of the adjoining lands owned and operated by Grantor as the Eastland Shopping Center, including:

(1) the parking of vehicles and the passage of vehicles and pedestrians on and across the Property for the benefit of the said Eastland Shopping Center, to and from all abutting streets and driveways,

(2) installation, maintenance, operation, repair and reconstruction of any and all improvements on the Property, including parking and traffic control improvements, paving, lighting fixtures, landscaping, signs, striping and other improvements thereon,

(3) installation, maintenance, operation, repair, reconstruction

removal and relocation of underground and above-ground utility systems and appurtenances, including water, sewer, electrical, gas, telephone and other conduits, cables, pipelines, pedestals, controls and other utility equipment,

and (4) conducting temporary promotional and sales activities on the Property, in accordance with ordinances of the City of West Covina governing such activities.

The limitations, covenants and conditions herein stated shall be covenants running with the land for the mutual benefit of Grantor and Grantee and their respective successors and assigns, but any and all such covenants may be modified or terminated by the recording of a mutual agreement of Grantor and Grantee or their respective successors or assigns.

In Witness Whereof, Grantor has executed this Grant Deed the 27th day of December, 1982.

MAY CENTERS, INC., Grantor

By: *G. R. Glass*
GREGORY R. GLASS President

and *Alan Charlson* ALAN CHARLSON
Assistant Secretary

STATE OF MISSOURI
COUNTY OF ST. LOUIS

On December 27, 1982 before me, the undersigned, a Notary Public in and for said State, personally appeared Gregory R. Glass known to me to be the President, and Alan Charlson known to me to be the Assistant Secretary of May Centers, Inc.

the Corporation that executed the within instrument and known to me to be the person(s) who executed the same on behalf of the Corporation therein named and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors

Witness my hand and official seal.

Michelle K. Davis

MICHELLE K. DAVIS
NOTARY PUBLIC, STATE OF MISSOURI
MY COMMISSION EXPIRES 2/12/84
ST. LOUIS COUNTY

EXHIBIT A

ALL that property in the City of West Covina, County of Los Angeles, State of California, denominated Parcel 4 of Parcel Map No. 15316 recorded in the Office of the Recorder of Los Angeles County on December 22, 1982 in Book 158 pages 25 and 26 of Parcel Maps.

PARCEL MAP NO. 15316

THE CITY OF WEST COVINA
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

MOLLENHAUER, HIGASHI & MOORE, INC.

LEGEND

Indicates the boundary of the land being subdivided by this map.

Map prepared from a field survey. All points shown herein as "set" upon the day 1-3-21-54. Mollenhauer, Higashi & Moore, Inc.

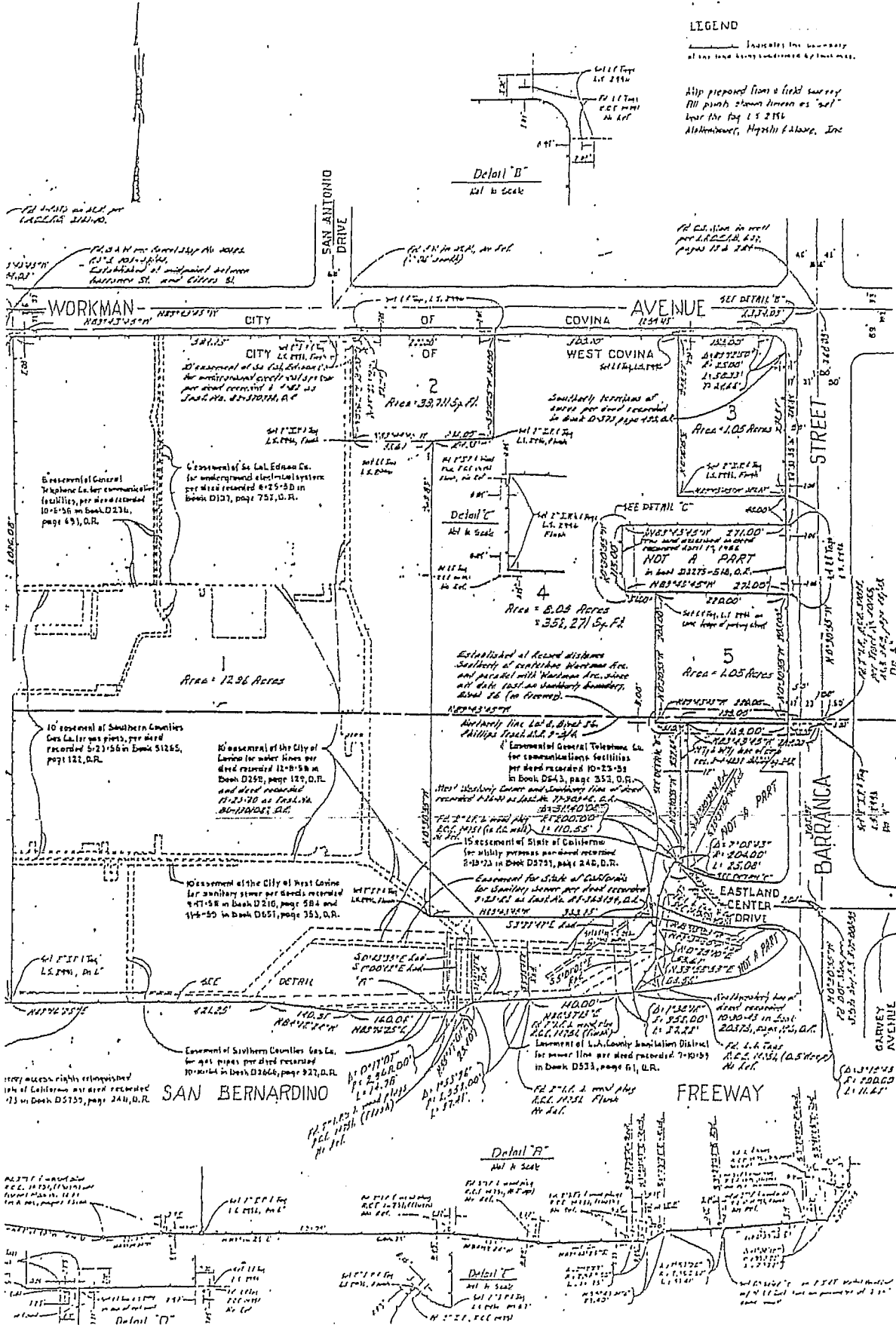


Exhibit C

Encumbrances on Title to Property
in the City of West Covina, California
Conveyed by May Centers, Inc. to
The West Covina Redevelopment Agency

1. General and Special County and City Taxes for the Fiscal Year 1982 - 1983, Second Installment not yet due.
2. A waiver in favor of the State of California of any claim for damages by reason of the location of San Bernardino Freeway and other matters, as set forth in the following deeds:
 - (1) Instrument No. 1857, Recorded March 15, 1956 in Book 50604 page 90 of Official Records of Los Angeles County.
 - (2) Instrument No. 4194, Recorded April 11, 1956, in Book 50860 page 330 of Official Records.
 - (3) Instrument No. 4195, Recorded April 11, 1956, in Book 50860 page 324 of Official Records.
 - (4) Instrument No. 4445, Recorded August 17, 1956 in Book 52058 page 320 of Official Records.
 - (5) Instrument No. 1202, Recorded February 13, 1973 in Book D5759 page 248 of Official Records.
3. Easement in favor of General Telephone Company of California for right of way for communication facilities, recorded October 23, 1959 as Instrument No. 4691 in Book D-643 page 353 of Official Records.
4. Lease to The May Department Stores Company, recorded November 16, 1959, as Instrument No. 3493 in Book M391 page 207 of Official Records.
5. Rights granted to Columbia Savings and Loan Association by Document No. 1651 recorded July 19, 1966 in Book D3370 page 564 of Official Records and Document No. 1301 recorded March 20, 1968 in Book D-3945 page 96 of Official Records.
6. Inclusion of the Property in Eastland Redevelopment Project pursuant to Ordinance No. 1269 of the City Council of the City of West Covina, adopted July 14, 1975 and recorded July 30, 1975 as Instrument No. 3895 in Book M6077 page 572 of Official Records.
7. Easements under lease evidenced by Memorandum of Lease to Burbro, Inc., recorded September 20, 1977 as Instrument No. 77-1038425.
8. Property Owner Participation, Purchase and Redevelopment Agreement between The West Covina Redevelopment Agency and The May Stores Shopping Centers, Inc., dated July 27, 1977 and July 31, 1977 and Eastland Redevelopment Project Public Parking Facilities Operating Agreement between the same parties, dated as of November 23, 1977.

ATTACHMENT NO. 2 - D

Excerpt of

Grant of Reciprocal Easement
and
Declaration of Covenants running with the Land
(REA)

Dated September 21, 1988

For:

EASTLAND SHOPPING CENTER

Developer and Sportmart, and (iii) the consent of Developer to certain provisions contained in an Agreement to Sublease dated as of August 22, 1985 by and between May and Chillo's, Inc., a Delaware corporation, a Short Form of which was recorded on December 12, 1985 in the Los Angeles County, California Official Records as Instrument No. 85-1468805. Such Lease, as amended and supplemented, is hereinafter referred to as the "May Lease".

B. Developer is the owner or tenant, as the case may be, of the following interests in real property located in the City of West Covina, County of Los Angeles and State of California:

1. A fee interest in those certain parcels of land (collectively, the "Developer Parcel") more particularly described in Exhibit "B", attached hereto and made a part hereof;

2. A fee interest in that certain parcel of land (the "Harvyn's Parcel") more particularly described in Exhibit "C", attached hereto and made a part hereof; the Harvyn's Parcel was leased by the Developer to Harvyn's, a California corporation, pursuant to a Ground Lease (the "Harvyn's Lease") dated as of June 19, 1978, a short form of which was recorded in the Official Records of Los Angeles County, California on April 19, 1980 as Instrument No. 80-379850; and

3. Easements and other rights in that certain parcel of land (the "Agency Parcel") more particularly described in Exhibit "D", attached hereto and made a part hereof. The Agency Parcel is owned in fee by the West Covina Redevelopment Agency (the "Agency"), a public redevelopment agency organized under the Community Redevelopment Law of the State of California; Developer's interests in the Agency Parcel were reserved in that certain Deed dated as of December 27, 1982 from Developer to the Agency, which deed was recorded on January 27, 1983 in the Official Records of Los Angeles County, California as Instrument No. 82-110759.

The Developer's interests in the Developer Parcel, the Harvyn's Parcel and the Agency Parcel are hereinafter referred to as the "Developer's Property". The Harvyn's Parcel and the Agency Parcel are subject to certain easement rights granted to May in the May Lease. The May Parcel, the Developer Parcel, the Harvyn's Parcel and the Agency Parcel shall hereinafter be collectively referred to as the "Parcels", and individually as a "Parcel".

C. The Parcels are contiguous and adjacent to each other. May and Developer intend to develop and operate their respective Parcels in conjunction with each other and with the Harvyn's Parcel and the Agency Parcel as integral parts of a "Shopping Center" (as such term is hereinafter defined) and known as the Eastland Shopping Center. The parties are entering into

pay its proportionate share of the expenses of the operating agreement, as calculated with respect to payment of Common Area Costs.

5. Parking Area.

5.1. Ratio. There shall be maintained at all times in the Shopping Center sufficient Parking Area to provide not less than five (5) usable parking spaces for each one thousand (1,000) square feet of Gross Floor Area.

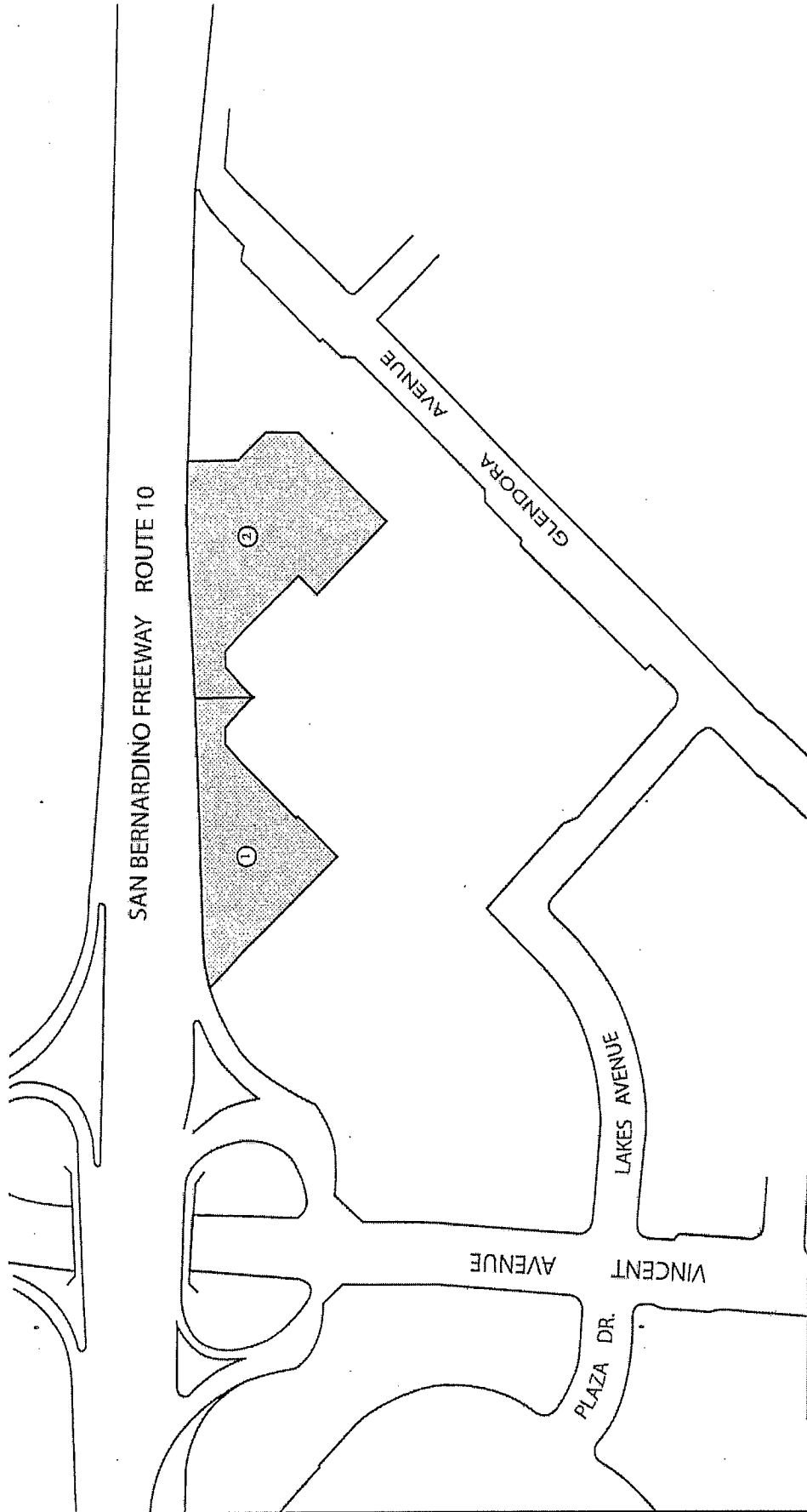
5.2. Parking Area Additions and Deletions. Any Party may make alterations to or construct additional Parking Area on their respective Parcel with the prior written consent of the other Party. Reductions in Parking Area shall only occur in connection with or as a result of construction of improvements permitted hereunder or as a result of exercising of the power of eminent domain. Any such alterations or additional Parking Area shall be designed to integrate with the then existing buildings and improvements, including without limitation, stores and other facilities, of the Shopping Center. All plans and specifications for any such alterations or additional Parking Area must be approved in writing in the manner provided in Article 8 by all of the Parties prior to the commencement of construction.

6. Developer's Insurance; Indemnification.

6.1. Required Coverages. During the term of this Agreement, Developer at its expense, shall maintain policies of insurance as follows:

(a) Insurance against loss or damage to the buildings and improvements upon the Developer Parcel by fire and the risks embraced by extended coverage, vandalism and malicious mischief endorsements and from such other hazards as may be covered by then standard "all risk" insurance (including specifically flood insurance if available under the Flood National Insurance Program as it may be changed or replaced but excluding earthquake insurance, provided, however, that if Developer otherwise carries a policy of blanket earthquake insurance, the Developer Parcel shall be included under such coverage); all, except flood and earthquake insurance, if any, in an amount sufficient to cover full replacement cost (without depreciation) of the buildings and improvements upon the Developer Parcel (excluding the cost of excavation and of foundations below the level of the lowest basement floor or, if there be no basement, below the level of the ground) and to prevent any co-insurance provision from becoming effective, but in any event, in an amount equal to at least ninety (90%) percent of the full insurable value thereof. Said insurance shall have demolition, contingent liability and increased cost of construction endorsements.

Lakes Office Development



Owned by RDA - Lakes Office Development				
NO.	APN	Zoning	Intended Use	Acres
1	8474-011-942	CRWC	Office and Public Parking	1.77
2	8474-011-943	CRWC	Office and Public Parking	2.39
TOTAL ACRES				4.16

ATTACHMENT NO. 3

ATTACHMENT NO. 3 - A

Resolution No. 15

Parking Authority Resolution approving and authorizing issuance of
Certificate of Participations

November 15, 1985

For:

LAKES OFFICE DEVELOPMENT

and

FASHION PLAZA PARKING PROJECT
(Westfield Mall)

RESOLUTION NO. 15

"A RESOLUTION OF THE PARKING AUTHORITY OF THE CITY OF WEST COVINA APPROVING AND AUTHORIZING AND DIRECTING EXECUTION OF FOUR INSTALLMENT SALE AGREEMENTS FOR SALE OF LAND AND PUBLIC PARKING FACILITIES TO THE REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA, APPROVING SALE OF FOUR SERIES OF CERTIFICATES OF PARTICIPATION IN THE AGGREGATE PRINCIPAL AMOUNT OF \$75,605,000, APPROVING OFFICIAL STATEMENT AND RELATED DOCUMENTS, AND AUTHORIZING OFFICIAL ACTION."

WHEREAS, the Redevelopment Agency of the City of West Covina (the "Agency") has requested the Parking Authority of the City of West Covina (the "Authority") to acquire and construct four public parking facilities and related property (collectively, the "Projects"; individually, a "Project") described generally as follows:

<u>Description</u>	<u>Location</u>
1. The Atrium Parking Facility	Glendora Avenue/State Street
2. The Development Research Corporation (DRC Parking Facility)	Vincent Avenue/Garvey Avenue
3. The Fashion Plaza Expansion Parking Facility	Vincent Avenue/West Covina Parkway
4. The Eastland Center Parking Facility	Barranca Street/Workman Avenue/San Bernardino Freeway

WHEREAS, the Projects are proposed to be acquired by the Agency from the Authority for the aggregate principal purchase price of \$75,605,000, to be paid in installments together with interest on the unpaid principal balance pursuant to four separate installment Sale Agreements each relating to a separate Project and each dated as of November 1, 1985, between the Agency and The Authority (collectively, the "Installment Sale Agreements"); and

WHEREAS, the Agency's obligations under the Installment Sale Agreements are special obligations limited solely to the revenues and amounts described therein, including investment earnings on funds pending their use, payments to be made by developers and drawings under four separate irrevocable direct-pay letters of credit issued by Security Pacific National Bank; and

WHEREAS, the Authority proposes to finance all such acquisition and construction by assigning to Dai-Ichi Kangyo Bank of California, as trustee, (the "Trustee") certain rights of the Authority under each of the respective Installment Sale Agreements, pursuant to four separate Assignment Agreements, each dated as of November 1, 1985, and each by and between the Authority and the Trustee (collectively, the "Assignment Agreements"); and

WHEREAS, the Authority, the Agency and the Trustee propose to enter into four separate Trust Agreements, each dated as of November 1, 1985, and each relating to the financing of a separate Project (collectively, the "Trust Agreements") whereby the Trustee agrees to execute and deliver four series of certain Certificates of Participation in the aggregate principal amount of \$75,605,000 (collectively, the "Certificates"), evidencing the proportionate interests of the owners thereof in installment payments made by the Agency under the respective Installment Sale Agreements; and

WHEREAS, Rauscher Pierce Refsnes, Inc. and Security Pacific Capital Markets Group (Security Pacific National Bank) as underwriter (the "Underwriter") have proposed to submit an offer to purchase said Certificates of Participation pur-

suant to that certain Contract of Purchase in substantially the form on file with the Secretary of the Agency, among the Authority, the Agency and the Trustee (the "Contract of Purchase"), and have heretofore caused to be prepared a Preliminary Official Statement describing said Certificates of Participation; and

WHEREAS, the Authority approves of said transactions in the public redevelopment purposes of the Authority;

NOW, THEREFORE, BE IT RESOLVED by the Parking Authority of the City of West Covina as follows:

Section 1. Installment Sale Agreements. The Authority hereby approves the sale of each of the Projects to the Agency pursuant to each of the Installment Sale Agreements, in substantially the respective forms on file with the Secretary together with any additions thereto or changes therein deemed necessary or advisable by the General Manager. The Chairman and the Secretary of the Authority are hereby authorized and directed to execute, attest and affix the seal of the Authority to each of said agreements for and in the name and on behalf of the Authority. The Authority hereby authorizes the delivery and performance of each of said agreements.

Section 2. Trust Agreements. The Authority hereby approves and authorizes the delivery and performance of each of the Trust Agreements, in substantially the respective forms on file with the Secretary together with any additions thereto or changes therein deemed necessary or advisable by the General Manager. The Chairman and the Secretary of the Authority are hereby authorized and directed to execute, attest and affix the seal of the Authority to each of said agreements for and in the name and on behalf of the Authority.

Section 3. Assignment Agreements. The Authority hereby approves and authorizes the delivery and performance of each of the Assignment Agreements, in substantially the respective forms on file with the Secretary together with any additions thereto or changes therein deemed necessary or advisable by the General Manager. The Chairman and the Secretary of the Authority are hereby authorized and directed to execute, attest and affix the seal of the Authority to each of said agreements for and in the name and on behalf of the Authority.

Section 4. Sale of Certificates. The Authority hereby authorizes the sale of each of the following four series of Certificates of Participation, in the following respective principal amounts:

<u>Designation of Certificates</u>	<u>Principal Amount</u>
1. Certificates of Participation (Atrium Parking Project), Series A	\$ 7,750,000
2. Certificates of Participation (DRC Parking Project), Series B	\$ 7,355,000
3. Certificates of Participation (Fashion Plaza Parking Project), Series C	\$34,670,000
4. Certificates of Participation (Eastland Parking Project), Series D	\$25,830,000

The Certificates shall be sold to the Underwriter for the purpose of providing funds to be applied to the financing of the acquisition and construction of the respective Projects. The Certificates shall be sold pursuant to the Contract of Purchase, in substantially the form on file with the Secretary of the Authority, which agreement is hereby approved together with any additions thereto or

changes therein deemed necessary or advisable by the General Manager. The General Manager is hereby authorized and directed to execute the Contract of Purchase upon presentation of any offer by the Underwriter to purchase the Certificates which is acceptable to the General Manager; provided, however, that the purchase price shall be ninety-eight and three-quarters percent (98-3/4%) of the par amount thereof. The General Manager is hereby delegated the authority to approve the terms of any offer by the Underwriter to purchase the Certificates, provided that such offer is in form and substance acceptable to the General Manager and is within the limitations set forth in this Section 4.

Section 5. Official Statement. The Authority hereby approves the Preliminary Official Statement describing the Certificates, in substantially the form submitted by the Underwriter and on file with the Secretary, together with any changes therein or additions thereto deemed advisable by the General Manager. Distribution of the Preliminary Official Statement by the Underwriter is hereby ratified and approved. The Authority hereby authorizes the distribution of the Final Official Statement by the Underwriter. The General Manager is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement deemed advisable by the General Manager, and to execute said Final Official Statement for and in the name and on behalf of the Authority.

Section 6. Official Action. All actions heretofore taken by the officers and agents of the Authority with respect to the purchase of the Projects and the sale of the Certificates are hereby approved, confirmed and ratified. The General Manager, the Chairman, the Secretary, the Treasurer and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful purchase, sale and financing of the Project pursuant to the agreements described herein.

Section 7. The Secretary shall certify to the adoption of this resolution.

APPROVED AND ADOPTED this 18th day of November, 1985.

Forest L. Tennant Jr.
Chairman

ATTEST:

Samuel Berry Assistant
Secretary

I HEREBY CERTIFY that the foregoing Resolution No. 15 was duly adopted by the Parking Authority of the City of West Covina at an adjourned regular meeting thereof held on the 18th day of November, 1985 by the following vote:

AYES: Bacon, Manners, Chappell, Shearer
NOES: None
ABSENT: Tennant
ABSTAIN: None

Samuel Berry Assistant
Secretary

APPROVED AS TO FORM:

Charles F. Adams
for Jones Hall Hill & White, A
Professional Law Corporation, as
Authority Special Counsel

ATTACHMENT NO. 3 – B

Resolution No. 8202

Resolution of the City Council of the City of West Covina
authorizing the issuance and sale of \$7,750,000 Lease Revenue Refunding
Bonds, Sublease Agreement and Operating Agreement

Dated June 27, 1988

For:

LAKES OFFICE DEVELOPMENT

RESOLUTION NO. 8202

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST COVINA AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$7,750,000 PRINCIPAL AMOUNT OF LEASE REVENUE REFUNDING BONDS (THE LAKES PUBLIC PARKING PROJECT), THE SUBLEASE OF LAND AND PARKING IMPROVEMENTS TO WATT INVESTMENT PROPERTIES, INC. AS DEVELOPER AND THE OPERATING AGREEMENT WITH DEVELOPER RELATING TO SUCH LAND AND PARKING IMPROVEMENTS, APPROVING REIMBURSEMENT AGREEMENT WITH NATIONAL WESTMINSTER BANK AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS

WHEREAS, pursuant to the Community Redevelopment Law of the State of California (the "Law") the Redevelopment Agency of the City of West Covina (the "Agency") has previously entered into an Installment Sale Agreement dated as of November 1, 1985 (the "1985 Installment Sale Agreement"), with the Parking Authority of the City of West Covina (the "Authority") whereby the Authority has agreed to acquire certain land (the "Site") situated in the Central Business District Redevelopment Project Area of the Agency (the "Project Area") and build certain public parking facilities and related and appurtenant facilities and property (the "Project") thereon, and to sell the Project and the Site to the Agency; and

WHEREAS, under the Installment Sale Agreement, the Agency is obligated to pay certain installment payments to the Authority as the purchase price of the Project and the Site; and

WHEREAS, in order to provide funds to refinance the Installment Payments and thereby restructure the financing in a manner which is of benefit to the Agency, the Agency wishes to authorize the issuance of its Redevelopment Agency of the City of West Covina 1988 Lease Revenue Refunding Bonds (The Lakes Public Parking Project) in the principal amount of not to exceed \$7,750,000 (the "Bonds") pursuant to the Law and the provisions of Article 11 of Chapter 3 of Part 2 of Division 2 of Title 5 of the Government Code of the State of California; and

WHEREAS, the City of West Covina (the "City") proposes to lease the Site and the Project from the Agency pursuant to the Lease Agreement dated as of August 1, 1988 (the "Lease Agreement"), for the purpose, among others, of providing amounts sufficient to provide revenues for the payment of the Bonds and for the purpose of assisting the Agency in the redevelopment of the Project Area, and the City Council has previously adopted its ordinance approving the Lease Agreement and authorizing and directing the execution thereof; and

WHEREAS, the City proposes to sublease a portion of the Site and the Project to Watt Investment Properties, Inc., a California corporation (the "Developer"), pursuant to the Agreement For Sublease of Portion of Public Facilities dated as of August 1, 1988 (the "Sublease Agreement"), and to enter into an Operating Agreement for Portion of Parking Facilities dated as of August 1, 1988 (the "Operating Agreement"), with the Developer with respect to the remaining portion of the Site and the Project; and

WHEREAS, the Bonds are proposed to be secured by an irrevocable direct-pay letter of credit issued by National Westminster Bank PLC, acting through its San Francisco Overseas Branch (the "Bank"), in favor of the Trustee for the account of the City, pursuant to the Reimbursement Agreement dated as of August 1, 1988, as secured by the Pledge and security Agreement dated as of August 1, 1988 (collectively, the "Reimbursement Agreement"), each by and between the City and the Bank; and

WHEREAS, Security Pacific Merchant Bank, as prospective underwriter of the Bonds (the "Underwriter"), has informed the City that it intends to submit an offer to purchase the Bonds and in connection with the underwriting of the Bonds the Underwriter has caused to be prepared an Official Statement describing the Bonds and has proposed to act as remarketing agent with respect to the Bonds pursuant to the Remarketing Agreement dated as of August 1, 1988 (the "Remarketing Agreement"), by and among the Underwriter, the City and the Agency; and

WHEREAS, the City Council wishes at this time to authorize all proceedings relating to the financing of the Site and the Project, the sale of the Bonds and the execution and delivery of all related agreements and documents to which it is a party;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of West Covina as follows:

Section 1. Approval of Bonds. Pursuant to Section 33640 of the Law, the City Council hereby approves issuance of the Bonds by the Agency, in the aggregate principal amount of not to exceed \$7,750,000.

Section 2. Approval of Agreements. The City Council hereby approves the Reimbursement Agreement, the Remarketing Agreement, the Sublease Agreement and the Operating Agreement in substantially the respective forms on file with the City Clerk together with any changes therein or additions thereto deemed advisable by the City Manager. The City Council hereby authorizes and directs the Mayor to execute, and the City Clerk to countersign and affix the seal of the City to, the final forms of the Reimbursement Agreement, the Remarketing Agreement, the Sublease Agreement and the Operating Agreement for and in the name of the City.

Section 3. Sale of Bonds; Approval of Purchase Contract. The City Council hereby approves the sale of the Bonds by negotiation with the Underwriter, pursuant to the Purchase Contract by and among the Agency, the City and the Underwriter, in substantially the form on file with the City Clerk together with any changes therein or additions thereto approved by the City Manager or an authorized representative of the City Manager. The Purchase Contract shall be executed in the name and on behalf of the City by the City Manager or an authorized representative of the City Manager, who is hereby authorized and directed to execute and deliver said form of Purchase Contract on behalf of the City upon submission of a proposal by the Underwriter to acquire the Bonds, which proposal is acceptable to the City Manager or such representative. The purchase price received by the Agency for the Bonds shall be not less than ninety-eight percent (98%) of the par amount thereof and the net effective rate of interest to be borne by the Bonds during the initial interest period shall not exceed eight percent (8%) per annum.

Section 4. Official Statement. The City Council hereby approves the preliminary Official Statement describing the Bonds, in the form submitted by the Underwriter and on file with the City Clerk together with any changes therein or additions thereto deemed advisable by the City Manager or an authorized representative of the City Manager. The City Council approves and authorizes the distribution by the Underwriter of said preliminary Official Statement to prospective purchasers of the Bonds. The City Manager or an authorized representative of the City Manager is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement deemed advisable by the City Manager or such representative. The City Council hereby authorizes the distribution of the final Official Statement by the Underwriter.

Section 5. Official Actions. The Mayor, the City Manager, the Assistant City Manager, the City Clerk, and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

Section 7. Certification. The City Clerk shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this 27th day of June, 1988.

Atrey Morrison
Mayor

ATTEST:

Janet Beuy
City Clerk

I HEREBY CERTIFY that the foregoing Resolution No. 8202 was duly adopted by the City Council of the City of West Covina at a regular meeting thereof held on the 27th day of June, 1988, by the following vote:

AYES: McFadden, Lewis, Bacon, Manners
NOES: Tarozzi
ABSENT: None
ABSTAIN: None

Janet Beuy
City Clerk

APPROVED AS TO FORM:

Jones, Hall, Hill & White
For Jones, Hall, Hill & White,
A Professional Law Corporation,
as Special Counsel

LAK224KJ-6/88

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF WEST COVINA)
I hereby certify the foregoing
instrument is a full, true and correct
copy of the original on file in this
office.
Dated: 7/5/88

Janet Beuy
City Clerk

ATTACHMENT NO. 3 – C

Excerpt of
Lease Agreement

Dated August 1, 1988

For:

LAKES OFFICE DEVELOPMENT

LEASE AGREEMENT

Dated as of August 1, 1988

by and between the

REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA,
as lessor

and the

CITY OF WEST COVINA,
as lessee

Relating to
\$7,750,000
Redevelopment Agency of the City of West Covina
1988 Lease Revenue Refunding Bonds
(The Lakes Public Parking Project)

equipping of the Project will be substantially completed in accordance with plans and specifications approved by the Agency on or prior to August 1, 1990.

Upon the completion of the construction, improvement and equipping of the Project satisfactory to the Agency, but in any event not later than thirty (30) days following such completion, the Agency shall cause the Completion Certificate to be executed by its Authorized Representative and delivered to the City, the Trustee, the Developer and the Bank. Such written certificate shall identify the date of such completion and the total Project Costs of the Project.

If the Agency, for any reason whatsoever, cannot deliver possession of the completed Project or any portion thereof to the City hereunder by August 1, 1990, this Lease shall not be void or voidable; but in that event the remaining Lease Payments allocable to the Project or such portion thereof (as determined in accordance with Section 4.6) shall with respect to the period between August 1, 1990, and the date on which the Agency delivers possession pursuant to Section 4.3, be subject to abatement in full.

ARTICLE IV

LEASE OF PROJECT AND SITE; LEASE PAYMENTS; ADDITIONAL PAYMENTS

SECTION 4.1. Lease; Use of Project. The Agency hereby leases the Project and the Site to the City, and the City hereby leases the Project and the Site from the Agency, upon the terms and conditions set forth in this Lease. During the Term of this Lease, the Project and the Site shall be used solely for the purpose of providing parking and related and incidental uses; and, in the case of the portions of the Project and the Site which are not subject to the Developer Sublease, for the purpose of providing parking which is available to members of the general public.

SECTION 4.2. Term of Lease.

(a) Initial Term. The Initial Term of this Lease shall commence on the date hereof, and shall end on the date on which the Indenture is discharged in accordance with the provisions of Article X thereof, but not beyond August 1, 2018.

(b) Option to Extend. Following the Initial Term of this Lease, the City shall have the option, exercisable in its sole discretion, to extend the Term of this Lease eleven (11) additional Extended Terms of five (5) years each. The City shall exercise its option to extend the Term of this Lease for any Extended Term by giving written notice of such exercise to the Agency at least ten (10) days in advance of the commencement of such Extended Term.

(c) Subject to Eminent Domain Proceedings. The provisions of this Section 4.2 are subject in all respects to the provisions of Section 6.1 relating to the termination of this Lease in the event of eminent domain proceedings with respect to the Project.

might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease, or the financial conditions, assets, properties or operations of the Agency or its properties.

(g) The Agency will not use any of the proceeds of the Bonds (i) for facilities which would cause the Bonds to become "private activity bonds" within the meaning of Section 148 of the Tax Code, or (ii) which would cause the Bonds to become "arbitrage bonds" within the meaning of Section 148 of the Tax Code, or (iii) which would cause the Bonds to become "consumer loan bonds" within the meaning of Sections 141 through 147, inclusive, of the Tax Code.

(h) The Agency will not use any of the proceeds of the 1985 Installment Sale Agreement deposited in the Project Fund, pursuant to Section 3.02(b) of the Indenture, in a manner which would cause or have caused the obligations of the Agency under the 1985 Installment Sale Agreement to be "industrial development bonds" under Section 103(b) of the Internal Revenue Code of 1954, as amended, as in effect on the date of execution and delivery of the 1985 Installment Sale Agreement.

ARTICLE III

ISSUANCE OF BONDS; ACQUISITION OF SITE AND CONSTRUCTION OF PROJECT

SECTION 3.1. Issuance of Bonds. The Agency has authorized the issuance of the Bonds pursuant to the Indenture in the aggregate principal amount of \$7,750,000. The Agency agrees that the proceeds of sale of the Bonds shall be paid to the Trustee on the Closing Date for deposit and application pursuant to Section 3.02 of the Indenture. The City hereby approves the Indenture, the assignment thereunder to the Trustee of the right, title and interest of the Agency (with certain exceptions) in this Lease, and the issuance by the Agency of the Bonds.

SECTION 3.2. Acquisition and Construction of the Site and the Project. The Agency has heretofore acquired the Site from amounts derived from the sale of certain tax allocation bonds of the Agency, and the City hereby consents to the reimbursement to the Agency of the Project Costs relating to such acquisition, in the amount of \$2,541,464. The Agency shall cause certain amounts on deposit in the Project Fund to be disbursed for such purpose on the Closing Date in accordance with Section 3.04 of the Indenture.

The Agency further agrees to supervise and provide for, or cause to be supervised and provided for, the construction, improvement and equipping of the Project pursuant to all applicable requirements of law and in accordance with the DDA, and will cause the same to be diligently performed after the Closing Date. The Agency shall pay all Project Costs from amounts on deposit in the Project Fund pursuant to Section 3.04 of the Indenture. The Agency hereby covenants that the construction, improvement and

ATTACHMENT NO. 3 – D

Excerpt of

Amended and Restated
Construction, Operation and Reciprocal Easement Agreement
(REA)

Dated August 2, 1994

For:

LAKES OFFICE DEVELOPMENT

FILE COPY

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
Redevelopment Agency of the)
City of West Covina)
P. O. Box 1440)
West Covina, CA 91793)
Attn: James J. Cleary III)

94 1795437

ORIGINAL
WITH CITY CLERK

RECORDED/FILED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA
31 MIN. PAST 4 P.M. SEP 29 1994

(Space Above For Recorder's Use Only)

FEE \$ 97 M

AMENDED AND RESTATED CONSTRUCTION, OPERATION
AND RECIPROCAL EASEMENT AGREEMENT

31
32

THIS AMENDED AND RESTATED CONSTRUCTION, OPERATION AND RECIPROCAL EASEMENT AGREEMENT ("REA") is entered into as of Aug-2, 1994, by and among WATT INVESTMENT PROPERTIES, INC., a California corporation, and WEST COVINA LAKES ASSOCIATES, a California limited partnership (collectively, together with their successors and assigns, "Watt"), ZELMAN DEVELOPMENT CO., a California limited partnership (together with its successors and assigns, "Zelman"), the CITY OF WEST COVINA (the "City"), and the REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA (together with its successors and assigns "Agency"), in connection with certain real property located in the City of West Covina, County of Los Angeles, State of California, as shown on that certain Site Map (the "Site Map") attached hereto as Diagram "1" and as more particularly described in Exhibit "A" attached hereto, both incorporated herein by this reference (the "Property").

RECITALS

- A. WHEREAS, Agency, City, Watt and INTERSTATE HOTELS DEVELOPMENT CORPORATION, a Delaware corporation ("IHC"), entered into that certain CONSTRUCTION, OPERATION AND RECIPROCAL EASEMENT AGREEMENT, dated as of September 26, 1988 (the "Initial REA").
- B. WHEREAS, at the time of execution of the Initial REA, Watt Investment Properties, Inc., a California corporation, was the owner of Parcels 1 and 2 of the Property (collectively, the "Watt Parcels").
- C. WHEREAS, Watt Investment Properties, Inc., a California corporation, has transferred to West Covina Lakes Associates, a California limited partnership, title to the Watt Parcels.
- D. WHEREAS, Agency is the owner of Parcels 6, 7, 8, 9 and 10 of the Property (collectively, the "Agency Parcels") and Agency is also the owner of Parcels 3 and 4 which are

the use of such easement, then the owner(s) of the portion of the Property benefitted by such easement shall be responsible for causing such damage to be promptly repaired.

3.4 Parking Easements Inuring to the Benefit of the Watt Parcels and the Zelman Parcel. Parking Structure I shall be available for use by the owners of the Watt Parcels, and each of their Occupants and Permittees, in the manner set forth hereunder; provided, however, that notwithstanding anything else contained in the REA to the contrary, Parking Structure I shall not be available for use by the owner of the Zelman Parcel, its Occupants and Permittees. Any parking structures or areas constructed on the Zelman Parcel shall not be available for use by the owners of the Watt Parcels or the Agency Parcels, their Occupants and Permittees. Agency and the City grant to Watt for the benefit of Watt Parcels 1 and 2, and to the respective successors and assigns of Watt for its use, and for the use of its Occupants and Permittees, for so long as this REA is in effect (including any and all extensions thereto), nonexclusive easements in common with the general public without preference or priority, on, over and across Parking Structure I for (i) vehicular parking on and vehicular ingress to and egress from Parking Structure I, and (ii) pedestrian access on, over and across Parking Structure I, as reasonably necessary in connection with the foregoing vehicular parking and access easements.

Parking Structure II shall be available for use by the owner of the Watt Parcel and the owner of the Agency Parcel, and their respective Occupants and Permittees, in the manner set forth hereunder. Agency and the City grant to Watt for the benefit of Watt Parcels 1 and 2, and to the successors and assigns of Watt, for their use, and for the use of its Occupants and Permittees, for so long as this REA is in effect (including any and all extensions thereto), nonexclusive easements in common with the general public without preference or priority, on, over and across Parking Structure II for (i) vehicular parking on and vehicular ingress to and egress from Parking Structure II, and (ii) pedestrian access on, over and across Parking Structure II, as reasonably necessary in connection with the foregoing vehicular parking and access easements. Subject to the provisions of Section 6.2 hereof, the parking of vehicles permitted by virtue of the easement granted in this paragraph shall also be for the benefit of the Agency Parcels and shall be limited to the use of Parking Structure II. Notwithstanding anything to the contrary contained in the REA, the Agency Parcels will not be put to any use that would require parking rights in and to either Parking Structure I or Parking Structure II during "peak office hours", as hereinafter defined. For purposes of this REA, "peak office hours" shall mean Monday through Friday (excluding legal holidays) 7:30 a.m. to 5:30 p.m.

Notwithstanding anything in the foregoing to the contrary, pursuant to the Operating Agreement, the vehicular parking easements granted above shall be limited to the use of an aggregate of seventy-five percent (75%) of the parking spaces in Parking Structures I and II and conditioned upon the payment of certain obligations as set forth in Section 6.2 hereof.

Pursuant to the Sublease, the City has granted to Watt for the benefit of Watt Parcels 1 and 2, and to the respective successors and assigns of Watt, for their use, and for the use of their respective Occupants and Permittees, for so long as the Sublease is in effect (including any and all extensions thereto), the exclusive right to use and occupy twenty-five percent (25%) of the parking spaces in Parking Structures I and II (the "Leased Premises"). Watt shall be entitled to select whatever twenty-five percent (25%) portion of such parking structures as Watt wishes to use exclusively.

10

The owners of the Agency Parcels represent and warrant for the benefit of the owners of the Watt Parcels and their respective successors, assigns, lessees and/or permittees that the use of the easements granted above to Watt with respect to Parcels 3 and/or 4 and Parking Structures I and/or II are not as of the date hereof and shall not hereafter be subject or subordinate to the interest of any party, including but not limited to the interest of any mortgagee of Parcels 3 and/or 4 and Parking Structures I and/or II, respectively, that the consent of all parties required to give their consent to the granting of said easements has been obtained, and that the burdens of said easements will run with the land and be binding upon the successors (including but not limited to any mortgagee), assigns, lessees or permittees of Agency as to all or any portion of Parcels 3 and/or 4, and Parking Structures I and/or II, respectively.

3.5 Declaration of Easements by Watt. In the event that any of the Watt Parcels or any interest therein is sold, assigned, transferred or conveyed by any means, including but not limited to by gift or by operation of law, Watt hereby declares for the benefit of any one or more of the Watt Parcels (the "Dominant Watt Parcel(s)") the following easements with respect to all of the other Watt Parcels (the "Servient Watt Parcel(s)"), the location and use of which shall not unreasonably interfere with the construction, development and/or operation of the improvements to be located on the Servient Watt Parcels:

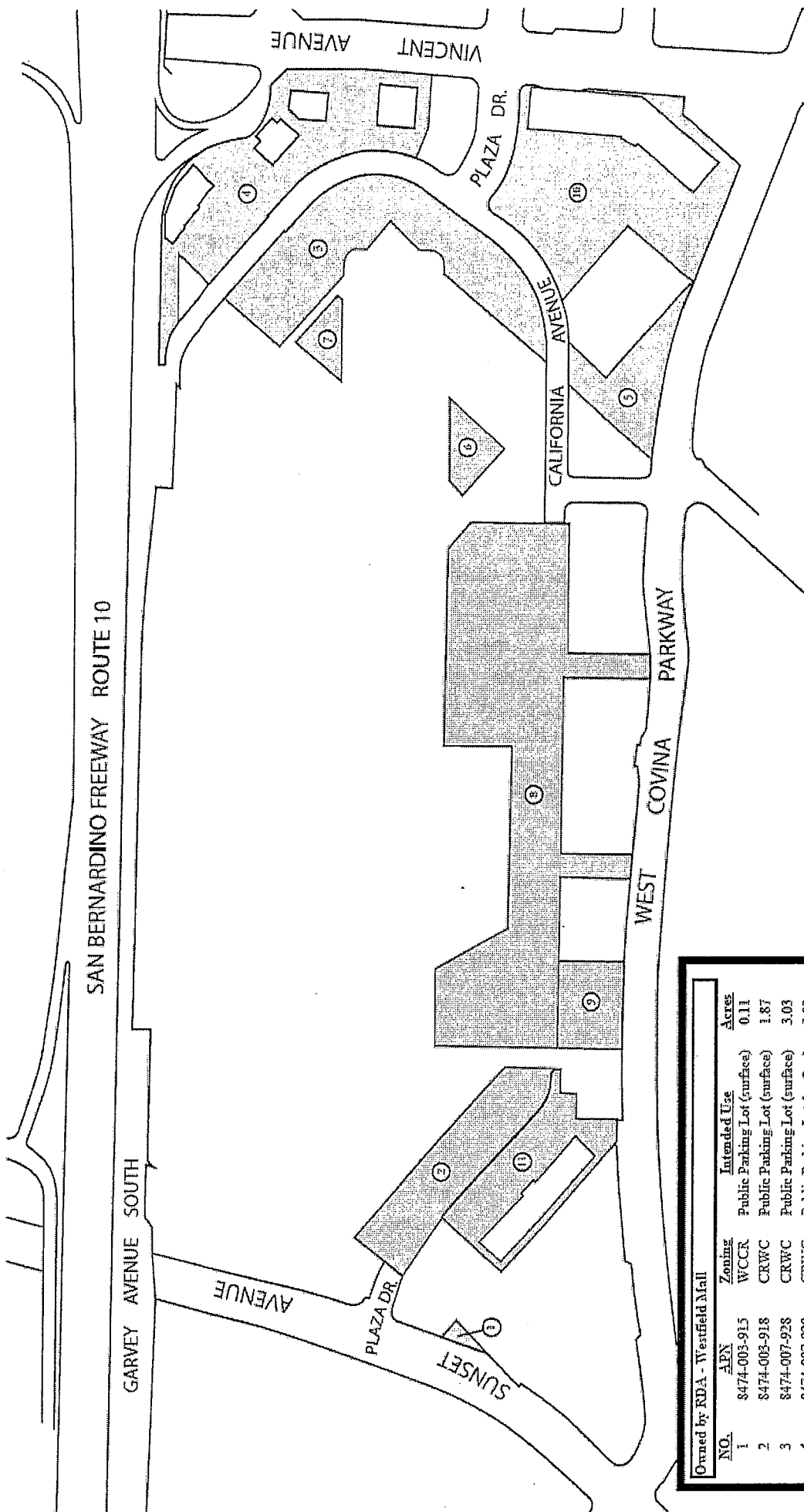
(a) Vehicular Areas Easement. A nonexclusive easement appurtenant to the Dominant Watt Parcel(s) in, over, through, to and across those Vehicular Areas located on the Servient Watt Parcel(s) for the purpose of ingress and egress for vehicles of Watt and/or its successor(s) in interest, and Occupants and Permittees.

(b) Pedestrian Areas Easement. A nonexclusive easement appurtenant to the Dominant Watt Parcel(s) in, over, through, to and across those Pedestrian Areas located on the Servient Watt Parcel(s) for the purpose of providing pedestrian access to and from the Dominant Watt Parcel(s) through the Servient Watt Parcel(s) by Watt and/or its successor(s) in interest, and Occupants and Permittees.

(c) Construction Easements. A nonexclusive easement in, over, through, to and across the Servient Watt Parcel(s) for the purpose of effecting and furthering the development and construction of the improvements to be located on the Dominant Watt Parcel(s). The developer of such Dominant Watt Parcel(s) shall not, however, without the prior written consent of the developer of the Servient Watt Parcel(s), be entitled to use the Servient Watt Parcel(s) pursuant to any easement granted in this paragraph (c) for staging or storage areas or in any way which would unreasonably interfere with the development and construction of the improvements to be located on the Servient Watt Parcel(s). All easements granted in this paragraph (c) shall immediately terminate and be of no further force or effect upon the completion of the improvements to be located on the Dominant Watt Parcel(s).

(d) Utilities Easements. A nonexclusive easement appurtenant to the Dominant Watt Parcel(s) in, over, through, to and across the Utilities Areas located on the Servient Watt Parcel(s) for the purpose of accessing the connections, lines and/or facilities, or any portion thereof, lying within such Utilities Areas to the full extent necessary for the full use and enjoyment of the Dominant Watt Parcel(s). All easements granted in this paragraph (d) shall be subject to the reasonable right of the owner of the Dominant Watt Parcel(s) to relocate such connections, lines and/or facilities at its own cost.

Westfield Plaza (Mall)



SAN BERNARDINO FREEWAY ROUTE 10

GARVEY AVENUE SOUTH

AVENUE

PLAZA DR.

SUNSET

PLAZA DR.

CALIFORNIA AVENUE

WEST COVINA PARKWAY

NO.	APN	Zoning	Intended Use	Acres
1	8474-003-915	WCCR	Public Parking Lot (surface)	0.11
2	8474-003-918	CRWC	Public Parking Lot (surface)	1.87
3	8474-007-928	CRWC	Public Parking Lot (surface)	3.03
4	8474-007-929	CRWC	Public Parking Lot (surface)	3.02
5	8474-007-931	CRWC	Public Parking Lot (surface)	0.97
6	8474-007-932	CRWC	Public Parking Lot (surface)	0.41
7	8474-007-933	CRWC	Public Parking Lot (surface)	0.28
8	8474-007-934	R-C	Public Parking Structure	7.08
9	8474-007-935	CRWC	Public Parking Lot (surface)	0.76
10	8474-007-939	CRWC	Public Parking Lot (surface)	3.45
11	8474-003-940	CRWC	Public Parking Lot (surface)	1.49
TOTAL ACRES				22.47

ATTACHMENT NO. 4

Owned by FDA - Westfield Mall

ATTACHMENT NO. 4 – A

City Memorandum

Dated May 4, 1993

For:

WESTFIELD PLAZA (MALL)

Memo



DATE: May 4, 1993
TO: West Covina Redevelopment Agency and the Executive Director
FROM: Redevelopment Agency Staff
SUBJECT: OPERATING AGREEMENT FOR PARKING FACILITIES (THE PLAZA)

SUMMARY: The Agency Board will consider approval of an Operating Agreement with CenterMark Properties requiring CenterMark to operate and maintain the public parking facilities built as part of The Plaza expansion

BACKGROUND

The Agency entered into an Owner Participation Agreement in June 1989 with Sylvan S. Shulman Co./West Covina Associates to acquire land and to pay the costs of constructing public parking facilities within the expansion area of the shopping center. The funds obtained to accomplish this were the result of the sale of \$45 million Mello-Roos Community Facilities District bonds. The parking facilities will be complete by October of this year.

As part of the approval of the various bond documents, the Agency approved the Operating Agreement in substantially the same form being considered now. That same Operating Agreement was also an attachment to the Owner Participation Agreement approved in 1989. The Agreement, naming Shulman as the operator of the parking facilities, was inadvertently not executed.

DISCUSSION

In May 1992, Sylvan S. Shulman entered into an agreement with CenterMark Properties to dissolve the partnership that made up Sylvan S. Shulman Co./West Covina Associates. This dissolution also assigned all developer rights and obligations under the Owner Participation Agreement to CenterMark. Shulman then sold its interest in The Plaza to CenterMark.

Also in May 1992, Shulman, the Agency and CenterMark approved the Second Amendment to the Owner Participation Agreement, which gave the Agency's consent to the dissolution agreement and acknowledged that CenterMark is now the owner and developer of The Plaza and the expansion. Due to the change in ownership, all developer's rights and obligations within documents that were previously executed by Mr. Shulman are now CenterMark's full responsibility.

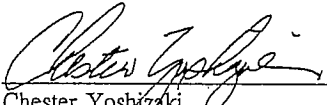
Because the Operating Agreement was never executed, it is opportune and appropriate to revise the document to reflect the new ownership and have the Agency Board approve the document with the language changes.

The Operating Agreement requires CenterMark Properties to operate, maintain and manage the parking facilities in the expansion area and repair the facilities when needed. The Agreement does not pertain to the existing parking structure, which is covered by a separate agreement. This Agreement shall be in effect for a period of five years. At that time, the Agency may renew the Agreement with CenterMark as operator of the facilities.

A copy of the revised document is on file in the Executive Director's office for your review.

RECOMMENDATION

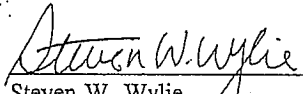
It is recommended that the Agency Board approve the Operating Agreement for Parking Facilities and authorize the Chairman to execute the Agreement.



Chester Yoshizaki
Redevelopment Manager

FPE806KJ.DOC

APPROVED:



Steven W. Wylie
Director of Redevelopment Services

ATTACHMENT NO. 4 – B

Excerpt of

Official Statement for
\$45 million Redevelopment Agency of the City of West Covina
Community Facilities District No. 1989-1 (Fashion Plaza)
1989 Special tax Bonds

Dated March 1, 1990

For:

WESTFIELD PLAZA (MALL)

THE PROJECT

The West Covina Fashion Plaza (the "Shopping Center") is located immediately south of Interstate 10 (the San Bernardino Freeway) and north of West Covina Parkway between California and Sunset Avenues. The Shopping Center is in the Central Business District Redevelopment Project Area (the "CBD Project Area") of the Agency. The Shopping Center is presently composed of a two-level regional enclosed mall anchored by Bullock's, Broadway and J.C. Penney department stores and satellite restaurant and retail uses. The existing enclosed mall area contains approximately 550,000 square feet composed of approximately 375,000 square feet of mall shops and 175,000 square feet of enclosed mall area. Bullocks contains approximately 150,000 square feet, Broadway contains approximately 137,820 square feet and J.C. Penney contains approximately 194,000 square feet. The Shopping Center also presently includes a strip retail center located on portions of Parcel 1 of the District and on Tracts G and H. See the "DISTRICT BOUNDARY MAP" herein. Pursuant to the OPA the strip center will be acquired and all but a small portion of that strip center will be demolished to make room for the Expansion and May Store.

The Project

The project to be developed pursuant to the OPA (the "Project") consists of the following components:

- (a) the renovation of the existing mall shop portions of the Shopping Center (the "Renovation");
- (b) the expansion of the enclosed mall and mall shops within the Shopping Center containing approximately 100,000 square feet of additional gross leasable area plus related common area (the "Expansion");
- (c) the construction of a new, two-level May Co. department store containing approximately 140,000 square feet of floor area (the "May Store");
- (d) the "Public Improvements" described below; and
- (e) the acquisition or construction of separate commercial buildings containing approximately 74,000 square feet of gross leasable area, not connected to the mall buildings, that will be acquired and/or developed on portions of the Shopping Center Site (the "Peripheral Developments").

Shopping Center Site means all land within the existing Shopping Center (whether owned by the Developer or an affiliate, the Agency, or the existing major department stores operated by Broadway, Bullock's and J.C. Penney), and, upon completion of the Expansion, May Store and Peripheral Developments, all land on which the Expansion, the May Store and the Peripheral Developments are constructed. Pursuant to the OPA the Developer and/or the Agency intend to (i) acquire the strip retail center located on portions of Parcel 1 of the District and on Tracts G and H, (ii) cause the City of West Covina to abandon and realign California Avenue between West Covina Parkway and Vincent Avenue and the California Avenue turning lanes located between Parcels 1 and 3 of the District, and (iii) acquire the property lying easterly of California Avenue, southerly of the San Bernardino freeway, westerly of Vincent Avenue and northerly of West Covina Parkway. See "DISTRICT BOUNDARY MAP" and "SHOPPING CENTER SITE PLAN MAP" herein.

The Renovation involves the addition of a food court, the refurbishing and redecoration of the enclosed mall, including installation of skylights and additional vertical transportation between mall levels, and construction of redesigned pop-out store fronts for mall tenants. The Renovation began in October, 1989 and is expected to be completed in August, 1990. The total estimated cost of the Renovation is approximately \$17 Million. The Developer has obtained a \$16.3 Million construction loan for the Renovation from Sanwa Bank California that is secured by a subordinate deed of trust on portions of the Shopping Center.

The Expansion and May Store addition will take place on certain land within the District and on a portion of Tracts G and H which are not currently a part of the District. It is anticipated that Tracts G and H will be annexed into the District, as set forth in the covenants of the District and Agency in the Fiscal Agent Agreement. The Peripheral Developments will be located partially within the District and partially outside the District. The Agency has no obligation to cause Peripheral Developments to be annexed into the District. While some of the Peripheral Developments may not be within the District and subject to the levy of Special Taxes, all such Peripheral Developments will be within the Shopping Center Site for the purposes of computing Tax Increment Revenues and Sales Tax Revenues that are pledged to the payment of debt service on the Bonds.

The Agency expects to complete all necessary site acquisitions and conveyance of necessary land to the Developer by December 1, 1990. The Expansion and May Store addition are expected to commence in late 1990 or early 1991 and take 16 to 18 months to complete. Total estimated construction costs are approximately \$60 Million. No commitments for financing the Expansion, the Peripheral Developments or the May Store have been obtained.

The Renovation, Expansion, May Store and Peripheral Developments are collectively referred to herein as the "Development." Upon completion of the Development, the Shopping Center is expected to contain approximately 1.2 Million square feet of building space.

The Public Improvements

The Bond proceeds will be used for the acquisition of certain public facilities (the "Public Improvements") including the acquisition of land required for the public facilities and the construction of additional public parking areas on real property to be owned by the Agency, street relocation and realignment, traffic signalization, utility relocation not paid for by affected utilities, and street widening. It is expected that pursuant to a proposed Construction Management Agreement between the Agency and the Developer, the Developer will be retained by the Agency as the construction manager for the development of the Public Improvements. The following table sets forth the estimated use of the Improvement Fund.

TABLE 3

Redevelopment Agency of the City of West Covina
Community Facilities District No. 1989-1 (Fashion Plaza)

PUBLIC IMPROVEMENTS BUDGET

Land Acquisition	\$26,807,000
Demolition	1,273,000
Public Improvements	<u>5,108,000</u>
	<u>\$33,188,000</u>

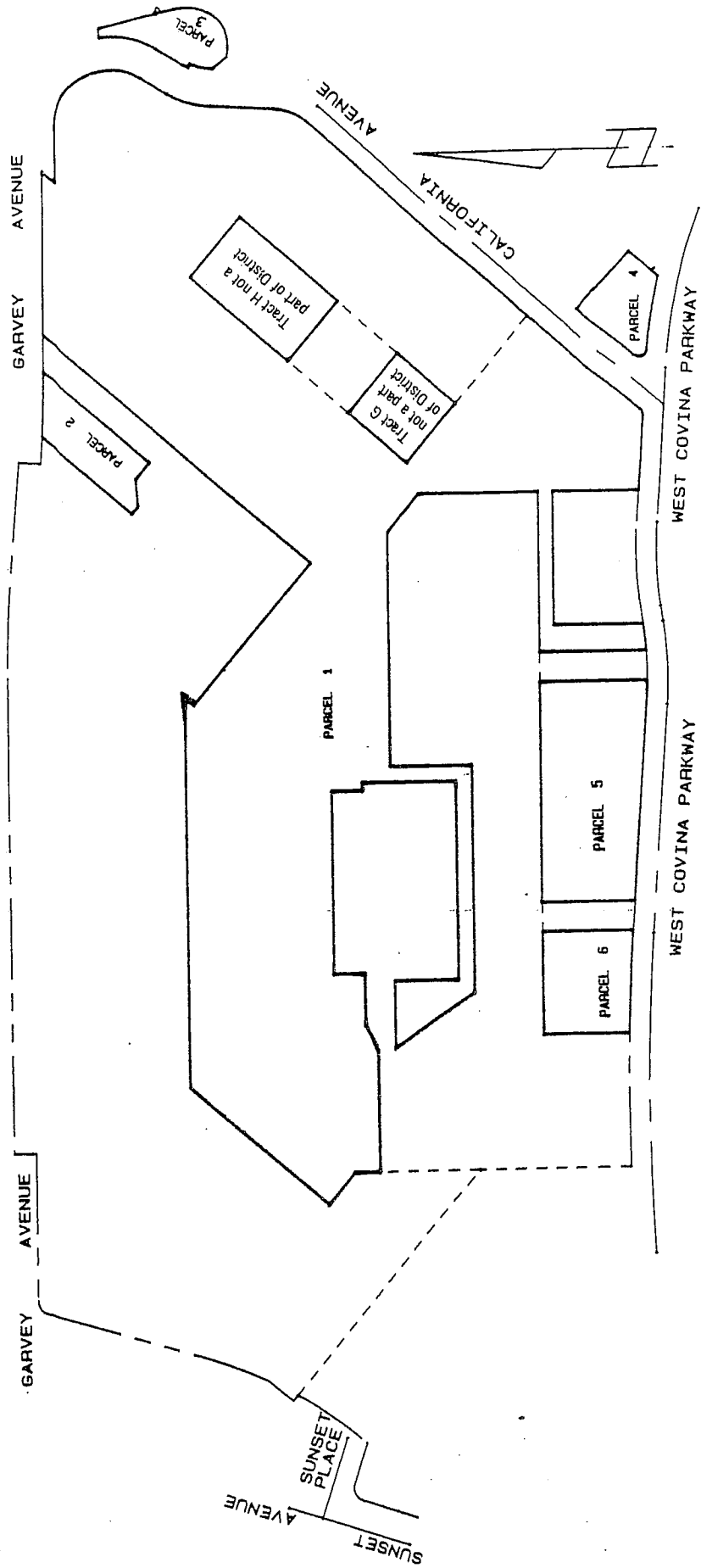
If the Improvement Fund is not completely expended on the above items, the Agency has identified certain other public improvements that will be financed.

OPA Termination

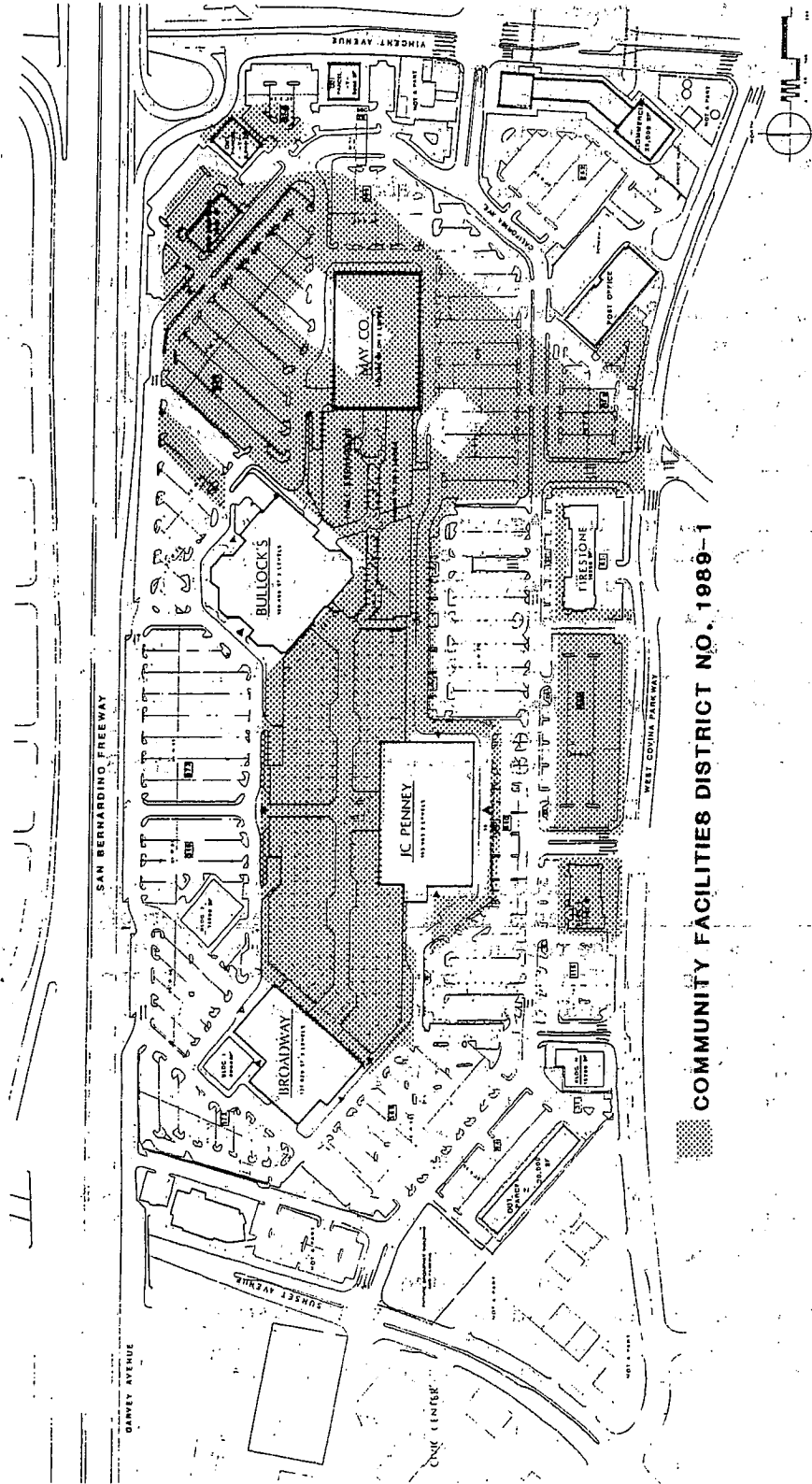
The completion of the Project is subject to certain approvals and conditions precedent to performance contained in the OPA. Prior to the planned conveyance by the Agency to the Developer of land necessary for the Expansion, May Store and Peripheral Developments, the OPA can be terminated by the Developer for any of the following reasons: (i) determination by the Agency not to adopt any required resolutions necessary for the commencement of eminent domain proceedings on certain parcels in the expansion area (the "Expansion Parcels"), (ii) a final determination in eminent domain proceedings affecting any of the Expansion Parcels that the Agency does not have the right to acquire such parcel by eminent domain, (iii) failure of the Agency to acquire all of the Expansion Area (as defined in the OPA) and to convey to the Developer the Developer Parcel, (iv) refusal of the Agency to approve final plans of the Developer, (v) a determination by the Developer not to perform work relating to soils or hazardous materials after receipt by the Developer of a soils or hazardous materials report, and (vi) failure or delay by the Agency to perform any term or provision of the OPA. Prior to the planned conveyance by the Agency to the Developer of land necessary for the Expansion, May Store and Peripheral Developments, the OPA can be terminated by the Agency for any of the following reasons: (i) determination by the Agency not to adopt any required resolutions necessary for the commencement of eminent domain proceedings on the Expansion Parcels, (ii) a final determination in eminent domain proceedings affecting any of the Expansion Parcels that the Agency does not have the right to acquire such parcel by eminent domain, (iii) the Agency disapproves any soils or hazardous materials report received by the Developer based upon the presence of hazardous materials and (iv) failure or delay by the Developer to perform any term or provision of the OPA.

Termination of the OPA prior to completion of the Project will result in mandatory redemption of Bonds from any funds available prior to July 1, 1992, and partial defeasance of the Bonds from any funds available on or after July 1, 1992. See "THE BONDS -- Mandatory Redemption Upon OPA Termination" and "Discharge of Fiscal Agent Agreement" herein. Upon any such redemption or defeasance of Bonds, the pledge of Other Revenues to payment of debt service on the Bonds will be terminated. Thereafter, the Bonds will be secured only by the Special Tax Revenues, amounts held in certain funds pursuant to the Fiscal Agent Agreement and the net proceeds, if any, derived from the sale of property acquired with proceeds of the Bonds. See "SECURITY FOR THE BONDS -- Loss of Pledge of Other Revenues" and "SPECIAL RISK FACTORS -- Termination of OPA and Redemption of Bonds" herein.

DISTRICT BOUNDARY MAP



SHOPPING CENTER SITE PLAN MAP



COMMUNITY FACILITIES DISTRICT NO. 1989-1

ATTACHMENT NO. 4 – C

Excerpt of

Third Amendment to and Restatement of
Construction, Operation and Reciprocal
Easement Agreement
(Amended and Restated REA)

Dated October 14, 1993

For:

WESTFIELD PLAZA (MALL)

Attachment No. 4 – C: Excerpt of Amended and Restated REA

THIRD AMENDMENT TO AND RESTATEMENT OF
CONSTRUCTION, OPERATION AND RECIPROCAL
EASEMENT AGREEMENT

THIS THIRD AMENDMENT TO AND RESTATEMENT OF CONSTRUCTION, OPERATION AND RECIPROCAL EASEMENT AGREEMENT, made and entered into as of the 14 day of OCTOBER, 199~~2~~³, by and among CENTERMARK PROPERTIES OF WEST COVINA, INC., a Delaware corporation ("Developer"); CARTER HAWLEY HALE STORES, INC., a Delaware corporation qualified to do business in the State of California, debtor in possession ("Broadway"); BULLOCK'S PROPERTIES CORP., a Delaware corporation qualified to do business in the State of California, debtor in possession ("Bullock's"); J. C. PENNEY PROPERTIES, INC., a Delaware corporation qualified to do business in the State of California ("Penney"); THE MAY DEPARTMENT STORES COMPANY, a New York corporation qualified to do business in the State of California ("May"); and THE REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA, a public body, corporate and politic, organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California ("Agency"),

W I T N E S S E T H :

WHEREAS, in order to make integrated use of their respective Tracts as a regional shopping center and to provide for other agreements contained therein, Sylvan S. Shulman Company (predecessor in interest to Developer), Broadway, Federated Department Stores, Inc. (predecessor in interest to Bullock's), Penney and Agency entered into a Construction, Operation and Reciprocal Easement Agreement dated as of November 5, 1973, and

and shall Indemnify Bullock's in connection with Developer's exercise of its rights pursuant to said easement, except to the extent that Loss is occasioned by Bullock's active negligence or willful wrongdoing. For purposes of maintenance, Operation, insurance, taxes, repairs, reconstruction and restoration, the Phase II Developer Improvements constructed in the exercise of such easement shall be deemed part of the Developer Tract. The easement granted in this Section 2.4 (b) shall survive the Termination Date and shall not terminate as long as such Developer Improvements are in existence or are in the process of being restored (provided that such restoration has commenced within twelve (12) months from the date of damage or destruction and is diligently pursued to completion).

Section 2.5 Agency Grant of Easements.

(a) Automobile Parking and Access. Agency hereby grants to each of the Parties, for their respective use, and for the use of their respective Permittees, in common with all others entitled to use the same pursuant to this REA, non-exclusive easements in the Agency Tract for ingress to and egress from the Agency Tract and for the passage and parking of vehicles and the passage and accommodation of pedestrians on such respective portions of the Agency Tract as are set aside, maintained and authorized for such use pursuant to the terms of this REA, and for the doing of such other things as are authorized and required to be done on the Agency Tract pursuant to this REA. The easements granted by Agency pursuant to this subparagraph (a) shall survive the Termination Date and continue so long as the Grantee's Store is in existence or is in the process of being restored or replaced (provided that such restoration or replacement has commenced within eighteen (18) months following the date of destruction or demolition). Notwithstanding the foregoing, the easements for access shall be perpetual.

(b) Utilities. Agency hereby grants to each of the Parties non-exclusive easements in the Agency Tract for the installation, operation, flow and passage, use, maintenance,

ATTACHMENT NO. 4 - D

Excerpt of
Owner Participation Agreement
(OPA)

Dated June 26, 1989

For:

WESTFIELD PLAZA (MALL)

ORIGINAL

OWNER PARTICIPATION AGREEMENT

by and between the

REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA

and

SYLVAN S. SHULMAN CO./WEST COVINA ASSOCIATES,
A Delaware limited partnership

DATED June 26, 1989

CENTRAL BUSINESS DISTRICT
REDEVELOPMENT PROJECT AREA

DRAFT: June 226, 1989

assigns of the Developer. Whenever the term "Developer" is used herein, such term shall include any other lawful successors in interest of Developer.

Section 1.6 Project Description

The project to be developed pursuant to this Agreement (the "Project") consists of the following components:

(a) the renovation (the "Renovation") of certain of the buildings and improvements currently situated on the Developer Tract pursuant to plans dated November 21, 1988;

(b) an expansion (the "Expansion") of the enclosed mall and mall shops within the Shopping Center containing approximately one hundred thousand (100,000) square feet of additional gross leaseable area plus related common area;

(c) the construction of a new, two-level May Co. department store (the "May Store") containing approximately one hundred forty thousand (140,000) square feet of floor area;

(d) the construction on land to be owned by the Agency of additional public surface parking areas, street relocation and realignment, traffic signalization, utility relocation not paid for by affected utilities, and street widening (collectively, the "Public Improvements"); and

(e) the construction of separate commercial buildings containing approximately seventy-four thousand (74,000) to eighty-two thousand (82,000) square feet of gross leaseable area (the "Peripheral Developments"), not connected to the mall buildings, that will be developed by Developer, Shulman or an affiliate of Shulman or third parties on portions of the Shopping Center Site.

The Project, as presently envisioned by the parties, is depicted on a Site Plan dated February 21, 1989, prepared by RTKL & Associates, Inc.

Section 1.7 Contract Documents

The Contract Documents which are part of this Agreement, and each of which are incorporated herein by this reference, are as follows:

legal proceedings that affect the acquisition of the Expansion Parcels and an analysis of the issues, both substantive and procedural, that have been raised therein.

Section 2.2 Realignment of Public Rights of Way

The Agency shall request the City to initiate such proceedings as may be necessary (a) to realign or abandon and realign, that portion of California Avenue between Garvey Avenue (adjacent to the San Bernardino Freeway) and West Covina Parkway and (b) realign or abandon and realign that portion of South Garvey Avenue between California Avenue and Vincent Avenue (collectively, the "Roadbed Parcels") within the time required for conveyance under Section 2.5. Those portions of right of way abandoned as not required for street purposes shall be formally vacated in accordance with applicable requirements of the California Streets and Highways Code. Concurrently with this Agreement, Agency shall enter into a Cooperation Agreement with City to implement the terms of this Section.

Section 2.3 Vacation of I-10 Off-Ramp

The City and the State of California Department of Transportation (the "State") entered into an Agreement dated as of May 28, 1985, captioned "District Agreement No. 3639" (the "DOT Agreement"). Under the terms of the DOT Agreement, the City has certain rights to cause the state to close the California off-ramp and convey the closed off-ramp (the "Off-ramp Parcel") to the City. The Agency agrees that, upon the request of the Developer, it promptly will arrange for City to commence such activities as may be necessary under the DOT Agreement to acquire title to the Off-ramp Parcel within the time provided in Section 2.5 hereof for conveyance of portions of the Expansion Area to Developer. Concurrently with this Agreement, Agency shall enter into a Cooperation Agreement with City to implement the terms of this Section.

Section 2.4 Relocation of Existing Tenants

The Agency shall, to the extent required by law, relocate all tenants and other persons in possession (collectively, the "Existing Tenants") of any part of the Expansion Area. Proceeds of the Public Financing shall be used by the Agency for such purpose (except for relocation attributable to the Developer Parcel), provided that all costs of such relocation and any other amounts paid to Existing Tenants shall conform to the budget attached hereto as Exhibit 6. In the event such costs, when added to all

ARTICLE IV
FINANCINGSection 4.1 Public Financing - General

In order to enhance the financial viability of the Project, the Agency agrees to use its best efforts to provide tax-exempt financing ("Public Financing") for the costs of development described in Section 4.2 of this Agreement. Such Public Financing may be provided through one or more transactions, which will be selected by the Agency and approved by the Developer. Agency agrees not to sell the bonds authorized by the Public Financing until such time as the sale is approved in writing by the Developer in its sole discretion. (Developer's vote approving the Public Financing shall not be construed as an approval of sale of the bonds.) Agency and Developer will expedite the selection and implementation of the Public Financing transactions so that the proceeds therefrom shall be available for land acquisition and other permitted uses at the earliest possible time. The Public Financing shall comply with the parameters described in Section 4.3 of this Agreement and shall be governed by the rules and mechanics stated in Exhibit 9, attached hereto.

Section 4.2 Costs to be Financed

A. The costs of the Project to be financed through the Public Financing shall include the following, with available proceeds applied in the following order of priority:

1. the costs of acquiring all land within the Expansion Area, other than the Developer Parcel, the Purchase Price for which shall be paid by the Developer;

2. all other costs paid by the Agency to acquire the Expansion Area (excluding the Developer Parcel), provided that such costs are approved by Developer pursuant to this Agreement; such costs may include, without limitation, the approved costs paid to Existing Tenants for relocation, goodwill, inventory, fixtures and equipment, and the costs of attorneys' fees and appraisals incurred in acquiring parcels within the Expansion Area through negotiation or eminent domain proceedings;

and (d) the Agency shall have deposited into escrow a Grant Deed for the conveyance of such parcel or parcels within the Developer Parcel to the Developer.

Section 2.7 Use of Parking Facilities.

Concurrently with the sale of the Developer Parcel to Developer, Agency shall execute an amendment to the REA which grants to the parties thereto non-exclusive easements to use the parking facilities of the Public Improvements for automobile parking and vehicular and pedestrian access in common with members of the public entitled to use the same so long as the Reciprocal Easement Agreement for the Shopping Center remains in effect. The parking facilities of the Public Improvements shall be devoted to and available for use as public parking without preference or priority to any person and shall be subject to such reasonable restrictions and regulations as may be permitted by applicable tax laws governing the Public Financing. The Agency shall employ the Developer to initially manage and operate the parking facilities of the Public Improvements in accordance with the Operating Agreement for Parking Facilities, attached hereto as Exhibit 10.

Section 2.8 Funds for Acquisition Costs

The Agency and the Developer contemplate that the funds required for the acquisition of portions of the Expansion Area prior to conveyance of the Developer Parcel to Developer shall be paid out of the proceeds of the Public Financing described in Article VI of this Agreement. If, however, funds are required for land acquisition before proceeds are available from the Public Financing, Developer shall, on a case-by-case basis, determine whether to advance funds prior to the availability of proceeds of the Public Financing. Neither the Agency nor the Developer shall be obligated to advance such funds. The Developer shall be reimbursed out of the proceeds of the Public Financing for funds for property acquisition, if any, advanced under this Section upon conveyance of land to Agency or assignment to Agency of rights to purchase acquired by Developer to Agency provided that the Purchase Price paid by Developer pursuant to Section 2.5.A. shall be deemed to have been used to acquire the Developer Parcel.

Section 2.9 Soils and Environmental Testing

A. Promptly following its approval and execution of this Agreement, Agency shall seek from the owners of parcels within the Expansion Area designated by

ATTACHMENT NO. 5

COPY OF

DEPARTMENT OF FINANCE WEBSITE

DISPOSITION OF

“GOVERNMENTAL PURPOSE” PROPERTY

AND

“NON-GOVERNMENTAL PURPOSE” PROPERTY

WELCOME TO THE CALIFORNIA DEPARTMENT OF FINANCE

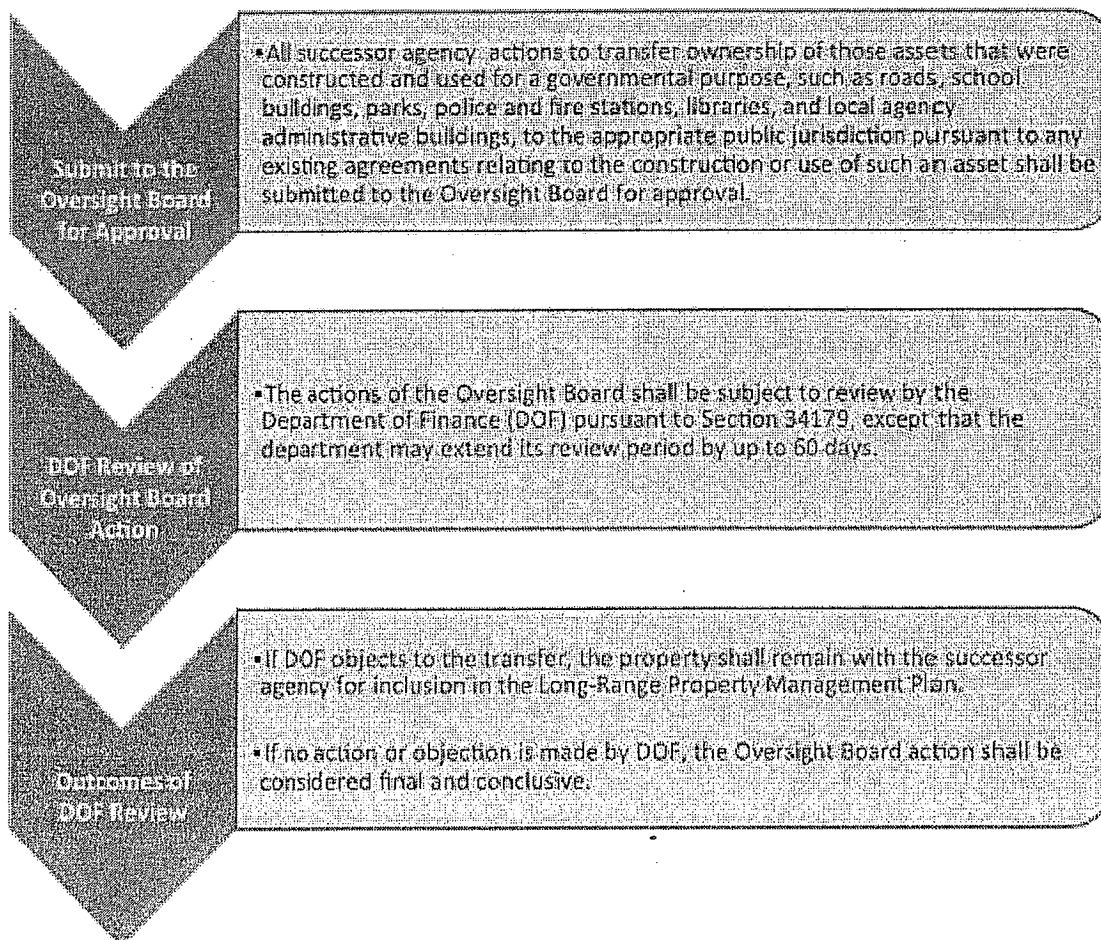
Home Redevelopment — Property Disposition

Property Disposition

Under ABx1 26 and AB 1484, successor agencies are directed to dispose of former redevelopment agency properties. Health and Safety Code (HSC) specifies how successor agencies will dispose of non-housing property depending on the type of property as provided below:

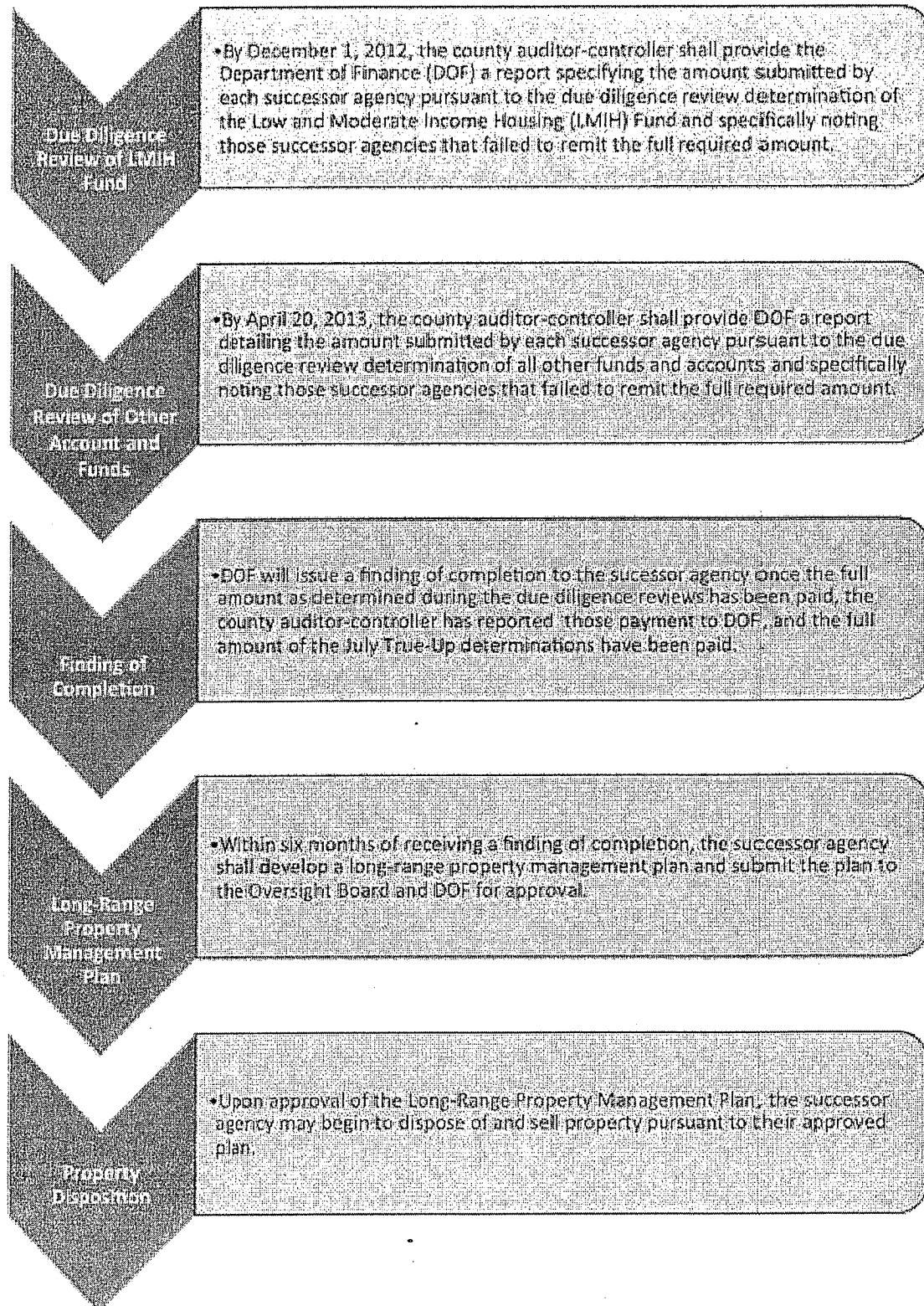
GOVERNMENTAL PURPOSE PROPERTY

HSC section 34181 (a) lists governmental purpose assets to include roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings. The following chart outlines the steps successor agencies can take to transfer property for governmental purposes:



NON-GOVERNMENTAL PURPOSE PROPERTY

HSC section 34177 (e) directs successor agencies on the steps to dispose of non-housing and nongovernmental purpose properties. The following chart outlines the steps a successor agency must follow prior to being allowed to dispose of property:



For information related to Due Diligence Reviews, refer to our web page at: <http://www.dof.ca.gov/redevelopment/duediligence/view.php>.

For additional information relating to the Finding of Completion, refer to <http://www.dof.ca.gov/redevelopment/findingofcompletion/view>

For additional information relating to the Long-Range Property Management Plan, refer to <http://www.dof.ca.gov/redevelopment/longrangepropertymanagement/view>

For questions related to former redevelopment agency property disposition, submit an email to: RedevelopmentAdministration@dof.ca.gov.

Webpage last updated August 28, 2012

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ATTACHMENT NO. 6

34177. Successor agencies are required to do all of the following:

(e) Dispose of assets and properties of the former redevelopment agency as directed by the oversight board; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of certain assets pursuant to subdivision (a) of Section 34181. The disposal is to be done expeditiously and in a manner aimed at maximizing value. Proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the oversight board, shall be transferred to the county auditor-controller for distribution as property tax proceeds under Section 34188. *The requirements of this subdivision shall not apply to a successor agency that has been issued a finding of completion by the Department of Finance pursuant to Section 34179.7.*

(h) Expediently wind down the affairs of the redevelopment agency pursuant to the provisions of this part and in accordance with the direction of the oversight board.

34181. The oversight board shall direct the successor agency to do all of the following:

(a) Dispose of all assets and properties of the former 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, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value. Asset disposition may be accomplished by a distribution of income to taxing entities proportionate to their property tax share from one or more properties that may be transferred to a public or private agency for management pursuant to the direction of the oversight board.

(b) Cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations.

(c) Transfer housing assets pursuant to Section 34176.

(d) Terminate any agreement, between the dissolved redevelopment agency and any public entity located in the same county, obligating the redevelopment agency to provide funding for any debt service obligations of the public entity or for the construction, or operation of facilities owned or operated by such public entity, in any instance where the oversight board has found that early termination would be in the best interests of the taxing entities.

(e) 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. The board may approve any amendments to or early termination of those agreements if it finds that amendments or early termination would be in the best interests of the taxing entities.

(f) All actions taken pursuant to subdivisions (a) and (c) shall be approved by resolution of the oversight board at a public meeting after at least 10 days' notice to the public of the specific proposed actions. The actions shall be subject to review by the Department of Finance pursuant to Section 34179 except that the department may extend its review period by up to 60 days. If the department does not object to an action subject to this section, and if no action challenging an action is commenced within 60 days of the approval of the action by the oversight board, the action of the oversight board shall be considered final and can be relied upon as conclusive by any person. If an action is brought to challenge an action involving title to or an interest in real property, a notice of pendency of action shall be recorded by the claimant as provided in Title 4.5 (commencing with Section 405) of Part 2 of the Code of Civil Procedure within a 60-day period.

34191.5.

(a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The report shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.

(c) The long-range property management plan shall do all of the following:

(1) Include an inventory of all properties in the trust. The inventory shall consist of all of the following information:

(A) The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.

(B) The purpose for which the property was acquired.

(C) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

(D) An estimate of the current value of the parcel including, if available, any appraisal information.

(E) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

(F) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

(G) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

(H) A brief history of previous development proposals and activity, including the rental or lease of property.

(2) Address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

(A) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.

(B) If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds from the sale shall be distributed as property tax to the taxing entities.

(C) Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

TO: Chairman and Board Members of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency

FROM: Andrew G. Pasmant, City Manager/Executive Director

BY: Christopher J. Chung, Successor Agency Staff Member

SUBJECT: TRANSFER OF ASSETS AT BKK TO THE CITY OF WEST COVINA

RECOMMENDATION:

Staff recommends that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency adopt the following resolution:

RESOLUTION NO. OB-0018 - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF REAL PROPERTY (ASSETS) LOCATED AT WEST COVINA SPORTSPLEX/BKK LANDFILL (8735-001-912, 915, 916, 917, 918, 919, 920, 921, 928, 929, 930, 931, 932, 933, AND 934, 8735-002-906, 909 AND 910) TO THE CITY OF WEST COVINA

PURPOSE:

This report recommends to the Oversight Board to approve the transfer of 18 properties to the City of West Covina pursuant to existing agreements as provided for in Sections 34177 (e) and 34181 (a) of the California Health and Safety Code.

BACKGROUND:

Due to legislation known as Assembly Bill 1X 26 (“*AB1X 26*”) and the Supreme Court’s ruling in California Redevelopment Association et al v Matosantos et al, all redevelopment agencies including the City of West Covina Redevelopment Agency were dissolved as of February 1, 2012.

On January 10, 2012, the City Council of the City of West Covina (“*City*”) adopted Resolution No. 2012-1 in which the City elected to become the “*Successor Agency*” to the former Redevelopment Agency pursuant to AB1X 26 (Part 1.85 of Division 24 of the California Health and Safety Code). The Successor Agency is charged with selling assets, repaying existing indebtedness, completing performance of existing contractual obligations and otherwise winding down the operations of the former redevelopment agency while preserving agency assets for the benefit of taxing agencies.

On January 17, 2012, the City adopted Ordinance 2226 and Resolutions 2012-10 and 2012-11, declaring the need for the Community Development Commission (CDC) in the City of West Covina to function as the City of West Covina Housing Authority and transferring all duties, powers and responsibilities of the West Covina Housing Authority to the Community Development Commission. On April 19, 2012, the Oversight Board to the Successor Agency of West Covina Redevelopment Agency authorized the City of West Covina Community Development Commission ("CDC Housing Authority") as the successor to the housing function of the former West Covina Community Development Commission (redevelopment agency) and directed 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. Such transfer of housing responsibilities, rights, powers, duties and obligations includes any and all housing assets as provided for in current law and any future amendments thereof. There are no further actions required with respect to transferring any housing assets.

On June 27, 2012, the Governor of California approved AB 1484, an act to amend the Government Code relating to community redevelopment, and making an appropriation therefore, to take effect immediately, bill related to the budget.

Health and Safety Code Section 34177 (h) states that the Successor Agency is required to "expeditiously wind down the affairs of the redevelopment agency pursuant to the provisions of this part and in accordance with the direction of the oversight board."

Under Health and Safety Code 34177 (e), the Successor Agency is required to "dispose of assets and properties of the former redevelopment agency as directed by the oversight board; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of certain assets pursuant to subdivision (a) of Section 34181. The disposal is to be done expeditiously and in a manner aimed at maximizing value. Proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the oversight board, shall be transferred to the county auditor-controller for distribution as property tax proceeds under Section 34188."

Under Section 34181 (a) of the California Health and Safety Code, it states that the oversight board shall direct the successor agency to "dispose of all assets and properties of the former 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, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value. Asset disposition may be accomplished by a distribution of income to taxing entities proportionate to their property tax share from one or more properties that may be transferred to a public or private agency for management pursuant to the direction of the oversight board."

DISCUSSION:

Health and Safety Code Section 34177 (e) and 34181 (a) states that the Oversight Board may direct the Successor Agency to transfer "Government Purpose" assets to the appropriate public jurisdiction pursuant to existing agreements relating to the construction or use of such asset. Protected and replacement habitat areas, public roads, sign easements, water tank and water line easements, public municipal golf course and public parking facilities providing free parking to the public is considered to be a "governmental purpose" uses. Municipal golf courses are considered to be a governmental purpose (for example, the County of Los Angeles owns 19 golf courses at 17 different facilities).

Based on the State of California Department of Finance's ("DOF's") website (http://www.dof.ca.gov/redevelopment/property_disposition/) as attached as Attachment No. 2, DOF has clarified the steps for the disposition of "Governmental Purpose Property" and "Non-Governmental Purpose Property." DOF indicates that Governmental Purpose Property can be treated separately and different from Non-Governmental Purpose Property pursuant to Section 34177. The disposition of Governmental Purpose Property is not subject to the Finding of Completion and Long Term Property Management Plan, whereas Non-Governmental Purpose Property is subject to the Due Diligence review of LMIH Fund, Due Diligence Review of other accounts and funds, the Finding of Completion and the Long Term Property Management Plan.

DOF states the 3 steps for disposition of Governmental Purpose Property are as follows:

1. Submit for Oversight Board for Approval.	<ul style="list-style-type: none">• All successor agency actions to transfer ownership of those assets that were constructed and used for governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such assets shall be submitted to the Oversight Board for approval.
2. DOF review of Oversight Board Action.	<ul style="list-style-type: none">• The actions of the Oversight Board shall be subject to review by the Department of Finance (DOF) pursuant to Section 34179, except that the department may extend its review period to 60 days.
3. Outcomes of DOF review.	<ul style="list-style-type: none">• If DOF objects to the transfer, the property shall remain with the successor agency for inclusion in the Long-Range Property Management Plan.• If no action or objection is made by DOF, the Oversight Board action shall be considered final and conclusive.

The former redevelopment agency of the City of West Covina currently retains title (ownership) to 18 parcels of land at the West Covina Sportsplex Site/BKK Landfill.

West Covina Sportsplex Site:

The property assets at the West Covina Sportsplex site are comprised of eighteen (18) parcels of approximately 156 acres in total area that are owned by the former redevelopment agency (Attachment No. 3). In addition, the former redevelopment agency retains a License Agreement to utilize 84.40 acres on top of the top deck of the Class 3 landfill *“for the development, construction, operation, marketing, maintenance and repair of recreational facilities, including without limitation one or more parks and one or more golf courses, together with all affiliated improvements, alterations or additions required by Licensor in its sole discretion, including without limitation a club house (collectively, the “Recreational Facilities”).”* Attachment No. 4 is an illustration showing the overlay of the golf course.

The former Redevelopment Agency (“Agency”) originally purchased 231 acres from the BKK Corporation (BKK) under a Purchase and Sale Agreement, dated July 27, 2002, which was subsequently amended six (6) times to address various issues. The Agency purchased the properties to carry out specific goals and objectives, which included providing recreation amenities to the community, eliminate the potential development of a proposed industrial park that would have resulted in greater adverse impacts to the community, to alleviate the blighting influence the Class I and Class III landfills on adjacent homes and commercial businesses, and to help facilitate the closure of the Class III landfill that was plaguing the City for the past 50 years. The Agency developed a master plan of development for a Big League Dreams Sports Park, 27-acre commercial retail center, restaurants, trails and open space and an 18-hole municipal public golf course. It was always the City’s intentions that the Redevelopment Agency would finance and construct such governmental public improvements and upon completion, transfer such assets to the City for long-term ownership and management. The Big League Dreams Sports Park was constructed by the Agency and subsequently transferred to the City upon completion.

To compliment the municipal public golf course, the City was also pursuing green belt linkages to equestrian, hiking and bicycle trails as part of the golf course development. As illustrated in Attachment No. 5, the City has been planning to connect Schabarum and Walnut trails starting from the West Covina Municipal Public Golf Course, thus further reinforcing the governmental purpose of the golf course development.

While the ownership of land is considered an asset, the ownership of this land adjacent to the BKK landfill is actually a financial and legal liability with severe limitations, conditions and obligations. The Agency purchased the properties subject to various terms and conditions contained within agreements and permits with BKK and various regulatory agencies, which include United States Environmental Protection Agency (EPA), California Department of Toxic Substance Control (DTSC), and United States Fish and Wildlife Services, California Fish and Game, Army Corp of Engineers, Regional Water Quality Control Board, and California Integrated Waste Management Board. Under two separate “Covenant Not To Sue Agreements” (also known as a Prospective Purchase Agreement or “PPA”) with EPA and DTSC, the City and Agency (as Settling Respondent) are required to comply with the Final Closure Work Plan with respect to permitted land uses, mitigation measures and future monitoring protocols.

Under the USEPA's and State of California DTSC's PPA's (Attachment No. 6 and 7 respectively), it acknowledges that the City and Agency intended to develop property for governmental purposes, specifically a municipal golf course. It states:

"The Agency desires to purchase Parcels 1 and 2 of the Site (the "Property") from BKK and plans to develop a portion of Parcel 1 of the Property for sports park activities, plans to sell or license another portion of Parcel 1 of the Property for commercial development and plans to develop Parcel 2 of the Property (along with Lot 5 and a portion of Parcel 3) as a municipal golf course. A certain portion of Parcel 1 may also be set aside as habitat for the threatened California gnatcatcher. The Agency also desires to purchase Lot 5, which is not part of the Site, from BKK and desires to enter into a licensing agreement with BKK in order to use a portion of Parcel 3, which is part of the Site, for the golf course."

Under Section V. of the USEPA PPA and Section 4.3 of DTSC PPA, it states:

"Settling Respondent agrees that, should BKK fail to submit and/or fully implement the Final Workplan in accordance with and as required by the First Consent Order Modification, Settling Respondent shall submit and/or fully implement the Final Workplan in accordance with the First Consent Order Modification for so long as and to the extent funds are available to Settling Respondent for this purpose under: (i) the Site Funds Escrow (with respect to the Monitoring Protocol Funds); (ii) any financial assurance mechanism purchased with the Monitoring Protocol Funds; or (iii) any financial assurance mechanism established for the purpose of ensuring the implementation of the Final Workplan in accordance with the Second Consent Order Modification. Settling Respondent agrees to obtain all necessary approvals from EPA and abide by all approved schedules relating to submittal and implementation of the Final Workplan that BKK would have otherwise have been obligated to abide by or obtain. Settling Respondent intends to perform the work required under this Section V (Work to be Performed) through duly retained environmental consultants."

The "Work Plan" was approved by all the regulatory agencies and specifies how the landfill is to be closed, reused and monitored. The PPA's define the City of West Covina and the Redevelopment Agency a party to the PPA's as a "Settling Respondent:"

"Settling Respondent" shall mean the City of West Covina, California, a municipal corporation, including without limitation the Agency.'

The Final Closure Plan (Final Work Plan) also includes a full environmental impact report that requires ongoing mitigation measures to minimize impacts of the closure of the landfill, impacts of proposed uses to be developed that help the closure of the landfill (i.e. funding, grading, infrastructure, etc.) and further states post-closure monitoring requirements (i.e. alarms, testing, monitoring wells, methane extraction systems, methane membrane liners under buildings, water permeation control, etc.). Any change to the Final Closure Work Plan would require additional studies, extensive discussion and subsequent approvals from all interested regulatory agencies.

The Final Closure Plan requires that the closure of the landfill include a protective layer with a minimum vertical thickness of a 7 ½ feet on top of the Class III landfill clay cap, which can only be achieved upon the grading of the entire golf course (soil would need to

be transported to the top deck from other areas). In addition, the grading and hydrology of the golf course was designed to slow down surface water runoff and water permeation in order to protect the clay cap of the Class III landfill cap, slow down water erosion and prevent potential flooding of the area below or impacts to existing storm drain systems and BKK retention basin. To route water to the BKK retention basin, the Agency is required to install an inlets and storm drain pipes along the northerly boundary of the Class III landfill. This requirement has not been completed and can only be completed with the development of the golf course grading. In the event the golf course is not constructed, alternate storm drain improvements may be required to reduce surface runoff and potential flooding issues. In addition, potable water still needs to be brought to the upper portion of the site which costs have been estimated to be approximately \$3 to \$6 million in water lines, tanks and pump stations.

The subject properties is and can only be used for specific public uses (either by contract, agreement or deed restrictions). The areas preserved and designated as protected habitat can only be utilized as protected habitat (this includes large areas within the proposed golf course for oaks, walnuts, marshes and coastal sage brush that needs to be replaced). The land (vacant land owned and License Area) for the proposed golf course can only be developed as a golf course pursuant to the Final Closure Plan, License Agreement, PPA and land use entitlements. Land that has been subdivided, improved or designated to be improved as roads, sign easement, water easements and water tank can only be utilized as intended as reflected in the final tract map.

Under the Habitat Mitigation and Monitoring Plan with United States Fish and Wildlife (and California Fish and game), the Agency is required to complete the replacement of the loss of habitat (coastal sage scrub and marsh) and protected vegetation (oaks and black walnuts). While replanting of a portion of coastal sage scrub habitat for the California Gnatcatcher has been completed, a majority of habitat and tree replacement has not been completed and was intended to be funded and completed as part of the development of the municipal public golf course.

In late 2003, after the City and Agency had already closed escrow on the property and obtained regulatory agency approvals, BKK announced that they did not have sufficient funds to pay the last two (2) Zurich insurance premium installments that would fund the closure of the Class III landfill as approved by USEPA and DTSC. As the City's project could only proceed after BKK completed their necessary work (i.e. grading, capping landfill, providing a 7 ½ foot protective layer of soil, and extending and raising methane extraction pipes and monitoring wells), the City had a decision to either allow the landfill to go superfund, thus losing its investment, or loaning BKK the funds to pay the Zurich insurance premiums. The City decided to protect its investment and loan BKK \$2,686,856 under a Loan and Security Agreement. Under the Loan and Security Agreement, BKK agreed to a grading timeframe to cap and close the landfill. Although BKK completed a majority of grading, BKK ran out of funds and subsequently defaulted on repayment of the loan. The City recovered only approximately \$300,000 on foreclosure of security on the loan.

On July 6, 2002, the City Council and the Community Development Commission (CDC, formerly the Redevelopment Agency Board) approved the West Covina Sportsplex Project. The Sportsplex Project included the development of a municipal golf course. On September 17, 2002 the CDC retained Rossetti Architects (design consultant) and

Heinbuch Golf Construction (construction management consultant) to design and prepare the necessary construction documents for the Sportsplex Project.

On June 1, 2004, the City Council approved the award of bid for the rough grading, storm drains and utility relocation (phase one) for the Sportsplex Project. The net amount of the grading contract after credits for the par 70 design is \$7,654,571. With contingency and soils inspection, the funding allocation to be financed for the grading, storm drain and utility relocation work is \$9,000,000.

The City/Agency retained Rossetti Architects and Schmidt and Curley (golf course architects) to design and prepare construction drawings for the municipal golf course and related amenities (club house, cart storage, maintenance yard, etc.). As such, the City/Agency possesses completed construction drawings for the municipal golf course and club house.

To finance the construction of the municipal golf course, the City intended to issue in phases, two (2) separate lease revenue bond issues. On June 15, 2004, the City approved the issuance of Lease Revenue Bonds, 2004 Series A (Golf Course), the first phase of lease revenue bonds in the amount of \$13,500,000 to pay for the rough grading, storm drains and utility relocation (phase one) for the municipal golf course and West Covina Sportsplex project. As this phase was for the initial grading and infrastructure improvements, revenues from the golf course could not be pledged as a source of repayment at this point in time. Therefore, the City pledged revenues derived from the Civic Center, but specifically stated its intent to repay such debt utilizing future golf course revenues. The staff report recommending the issuance of Lease Revenue Bonds (Attachment No. 8), 2004 Series A (Golf Course) states, "*Debt service annual payments would stabilize at \$875,000 and be paid by excess revenues from the golf course.*" Furthermore, it states, "*Projections of golf course revenues indicate that net golf course revenues are more than sufficient to meet the debt service requirements of both phase one and phase two bond issues.*"

Pursuant to a Purchase and Sale Agreement (PSA) with M. & A. Gabae, LP, dated July 13, 2006, the Agency entered into an agreement for the development of Class A office buildings on the 700 and 750 pad elevations. In order to facilitate the development, the Developer agreed to construct necessary water supply infrastructure improvements to connect to the water line and tanks that the Agency was to construct as part of the development of the municipal golf course, which has not yet occurred. Water tanks were designed to be placed at the 730 (8735-001-933 and 934) and 880 pad (8735-002-910) elevations providing water pressure to the Developer's project as well as neighboring residential homes to the north. As such, the affected parcels were slated for public purpose as water tank pads and water supply line easements and should be transferred to the City to fulfill such requirements with the development of the golf course.

Although the City believes that it is well documented that the Agency was to complete the golf course for the City as a government purpose use, the City wanted to further document and reinstate the original goals and objectives of developing recreational public uses (municipal golf course) at the West Covina Sportsplex, which further satisfies the commitments the City and Agency have with USEPA and DTSC. On June 21, 2011, the City and Agency executed an Implementation Agreement to reinstate the original understandings and intent for the Agency to construct the municipal public golf course

for the City of West Covina. As AB 1X 26 was signed into law on June 28, 2011, the Implementation Agreement is considered to be a legal binding contractual agreement.

A description of the remaining 18 properties is as follows:

Parcel Number:	Acres:	Description
8735-001-912	2.13	Sign easement/parking for West Covina Sportsplex
8735-001-915	1.39	CSS Protected Habitat
8735-001-916	2.33	CSS Protected Habitat
8735-001-917	.46	CSS Protected Habitat
8735-001-918	14.39	CSS Protected Habitat
8735-001-919	7.96	CSS Protected Habitat/Black Walnuts
8735-001-920	1.63	CSS Protected Habitat
8735-001-921	.19	CSS Protected Habitat
8735-001-928	1.03	Giambi Lane entrance from Azusa- Road Infrastructure
8735-001-929	.54	Lidle Way from Giambi to BLD – Road Infrastructure
8735-001-930	1.41	Road from Lidle Way to 750 pad – Road Infrastructure
8735-001-931	2.36	Road from 750 pad to Club house – Road Infrastructure
8735-001-932	.84	BKK Road from Giambi Lane – Road Infrastructure
8735-001-933	.52	Future water tank pad and water easements
8735-001-934	.87	Future water tank pad and water easements
8735-002-906	70.07	Municipal Golf Course and protected habitat
8735-002-909	24.56	CSS Protected Habitat
8735-002-910	23.41	Municipal Golf Course and protected habitat
	156.09	

There are no provisions contained within any existing agreements for compensation to the Successor Agency for the transfer of governmental purpose assets relating to the construction or use of such asset(s) to an inter-governmental agency. In fact, it was always contemplated that the Agency would transfer such assets to the City at no cost upon completion.

CONCLUSION: The properties and assets at the West Covina Sportsplex have always been slated and can only be utilized as governmental purpose pursuant to existing agreements. Of the

156.09 acres, 2.13 acres is a sign easement (mostly slopes of the Big League Dreams), 52.91 acres are designated as protected habitat (not including areas within the golf course), 6.18 acres are roads, 1.38 acres is future water tank pads and water supply line easements, and 93.48 acres is the future municipal public golf course. As the City of West Covina (and former redevelopment agency) is a party to the PPA's as a Settling Respondent, the properties should be transferred to the City in order that the City can continue to satisfy all necessary obligations stated within the PPA's which can only be achieved through the development of the municipal golf course that results in the necessary improvements and mitigations as required under the Final Work Plan. There are no provisions within the existing agreements to provide compensation to the Successor Agency for the transfer of the governmental purpose assets and it was always contemplated that the Agency would transfer such assets to the City at no cost upon completion. As such, no compensation is being recommended nor required for the transfer of governmental purpose assets to an inter-governmental agency (City of West Covina) under existing statute.

It is important to indicate that authorities support the proposition that golf courses serve legitimate government purposes. See Gov't Code 37353(c) (authorizing cities to acquire properties for use as golf courses; noted in *City of Oakland v. Oakland Raiders* (1982) 32 Cal.3d 60, 73). The golf course issue can also be supported as a general "recreational use" and "open space" which is broadly held to be a valid government purpose. Pub. Res. Code 5780 (declaring State policy of recognizing recreational and park uses as important purposes).

JUSTIFICATION ON TRANSFERRING PROPERTIES VERSUS INCLUSION IN LONG RANGE PROPERTY MANAGEMENT PLAN:

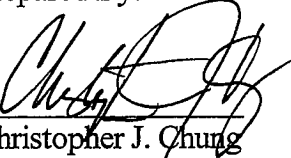
The Oversight Board may have questions regarding whether it is prudent to act now or wait and include the transfer or retention of properties in the Long Range Property Management Plan. The justifications to transfer properties now are as follows:

1. The Successor Agency is charged with expeditiously winding down the affairs of the redevelopment agency pursuant to Section 34177 (h) and in accordance with the direction of the oversight board. The transfer of assets would assist in expediting the winding down of the affairs of the former redevelopment agency and fulfills the primary fundamental goal set by the State of California.
2. The Oversight Board would be following the appropriate process established by the Department of Finance that the Oversight Board should consider the approval/direction of transfer of assets for "Governmental Purpose" prior to the Finding of Completion and the Long Range Property Management Plan. Upon review, if DOF does not approve the transfer of asset for governmental purpose, the retained asset would be included within the Long Range Property Management Plan.
3. The Oversight Board is not required to wait for the Certificate of Finding of Completion and Long Range Property Management Plan. Waiting to act later would result in expending unnecessary funds and staff time that could best be better utilized elsewhere.
4. All assets being proposed for transfer would be for legitimate "governmental purpose" and subject to existing agreements. Municipal Public Golf Courses are also considered to be

governmental uses as is evident with the County of Los Angeles owning 19 public golf courses.

5. The transfer of any assets for “governmental purpose” is completely legal and still subject to the approval by Department of Finance. If DOF disapproves any transfer, the disapproved asset must then be addressed in Long-Range Property Management Plan.
6. The approval of transferring properties prior to the Long Range Property Management Plan to appropriate governmental agencies pursuant to existing agreements would result in substantial savings and avoidance of wasting approximately \$90,000 to \$180,000 in appraisal and consultant costs. The Long-Range Property Management Plan requires the Successor Agency to determine estimated value of retained assets. Appraisals can cost approximately \$5,000 to \$10,000 each. In addition, substantial staff time and additional consultant cost would be saved in preparing a report that would result in the same recommendation in Long-Range Property Management Plan by Successor Agency staff that the assets are a governmental purpose that should be transferred to appropriate governmental entities.

Prepared By:



Christopher J. Chung
CDC Director

ATTACHMENTS:

- Attachment No. 1: Resolution No. OB-0018
- Attachment No. 2: Department of Finance Website – Disposition of Governmental and Non-Governmental Purpose Property
- Attachment No. 3: West Covina Sportsplex/BKK Landfill Map
- Attachment No. 4: Overlay of Golf Course
- Attachment No. 5: Slides of West Covina Multi-Purpose Trails connecting Golf Course.
- Attachment No. 6: United States Environmental Protection Agency (USEPA) Covenant Not to Sue/Prospective Purchase Agreement (PPA)
- Attachment No. 7: California Department of Toxic Substance Control (DTSC) Covenant Not to Sue/Prospective Purchase Agreement (PPA)
- Attachment No. 8: Excerpt of Staff Report approving issuance of golf course grading bonds.
- Attachment No. 9: Excerpts of 34177, 34181, and 34191.5 of California Health and Safety Code

ATTACHMENT NO. 1

RESOLUTION NO. OB-0018

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF REAL PROPERTY (ASSETS) LOCATED AT WEST COVINA SPORTSPLEX/BKK LANDFILL (8735-001-912, 915, 916, 917, 918, 919, 920, 921, 928, 929, 930, 931, 932, 933, AND 934, 8735-002-906, 909 AND 910) TO HE CITY OF WEST COVINA

WHEREAS, The former Redevelopment Agency of the City of West Covina (the "Agency") was a redevelopment agency formed, existed and exercised its powers pursuant to California Community Redevelopment Law, Health and Safety Code section 33000 et seq. ("CRL").

WHEREAS, on January 10, 2012, the City Council of the City of West Covina ("City") adopted Resolution No. 2012-1 in which the City elected to become the "Successor Agency" to the West Covina Community Development Commission (also known as the Redevelopment Agency) pursuant to AB1x26 (Part 1.85 of Division 24 of the California Health and Safety Code).

WHEREAS, Assembly Bill 1X 26 (the "Dissolution Act") was enacted June 28, 2011, to significantly modify the Community Redevelopment Law (California Health & Safety Code § 33000, *et seq.*; the "Redevelopment Law").

WHEREAS, Assembly Bill 1484 was enacted June 27, 2012, to modify Redevelopment Law.

WHEREAS, Health and Safety Code § 34177 (e), states that a Successor Agency is required to dispose of assets and properties of the former redevelopment agency as directed by the oversight board.

WHEREAS, Health and Safety Code § 34181 (a) states in part 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.

WHEREAS, The properties located at the West Covina Sportsplex/BKK Landfill (8735-001-912, 915, 916, 917, 918, 919, 920, 921, 928, 929, 930, 931, 932, 933, and 934, 8735-002-906, 909 and 910) having been purchased by the former redevelopment agency for that purpose in order to provide a public benefit to the businesses, customers and residents in and around the West Covina Sportsplex, Heights Shopping Center, Big League Dreams, BKK landfill and the City of West Covina pursuant to existing agreements.

WHEREAS, the appropriate public jurisdiction is determined to be the City of West Covina based on existing agreements relating to the construction or use of such assets as a municipal public golf course, trails and open space, public roads, water supply and utility infrastructure, protected habitat, and sign easements.

WHEREAS, The Oversight Board has determined that the transfer of the eighteen (18) subject properties to the City of West Covina are is for governmental purposes and provides a public benefit in compliance with Health and Safety Code § 34181 (a) and that the appropriate public jurisdiction is the City of West Covina.

WHEREAS, All legal prerequisites to the adoption of this Resolution have occurred.

NOW THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY HEREBY RESOLVES:

SECTION 1. In all respects as set forth in the Recitals of this Resolution.

SECTION 2. The properties located at West Covina Sportsplex/BKK Landfill (8735-001-912, 915, 916, 917, 918, 919, 920, 921, 928, 929, 930, 931, 932, 933, and 934, 8735-002-906, 909 and 910) are in compliance with the stated governmental and public benefit purposes and therefore are transferred to the City of West Covina as the appropriate public jurisdiction pursuant to existing agreements.

SECTION 3. The Oversight Board authorizes the Successor Agency to transfer the 18 properties to the City of West Covina.

SECTION 4. The Executive Director, or his designee, is authorized to execute all applicable transfer documentation and conduct necessary recordation of the eighteen properties to the City of West Covina at no compensation.

SECTION 5. The Executive Director, or his designee, hereby is directed to file a copy of this Resolution and supporting documentation with the State of California Department of Finance.

APPROVED AND ADOPTED on this ___ day of November, 2012.

Chairperson
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

ATTEST

Susan Rush, Secretary

Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency at a meeting held on the ____ day of November 2012 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Susan Rush, Secretary
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

ATTACHMENT NO. 2

COPY OF

DEPARTMENT OF FINANCE WEBSITE

DISPOSITION OF

“GOVERNMENTAL PURPOSE” PROPERTY

AND

“NON-GOVERNMENTAL PURPOSE” PROPERTY

WELCOME TO THE CALIFORNIA DEPARTMENT OF FINANCE

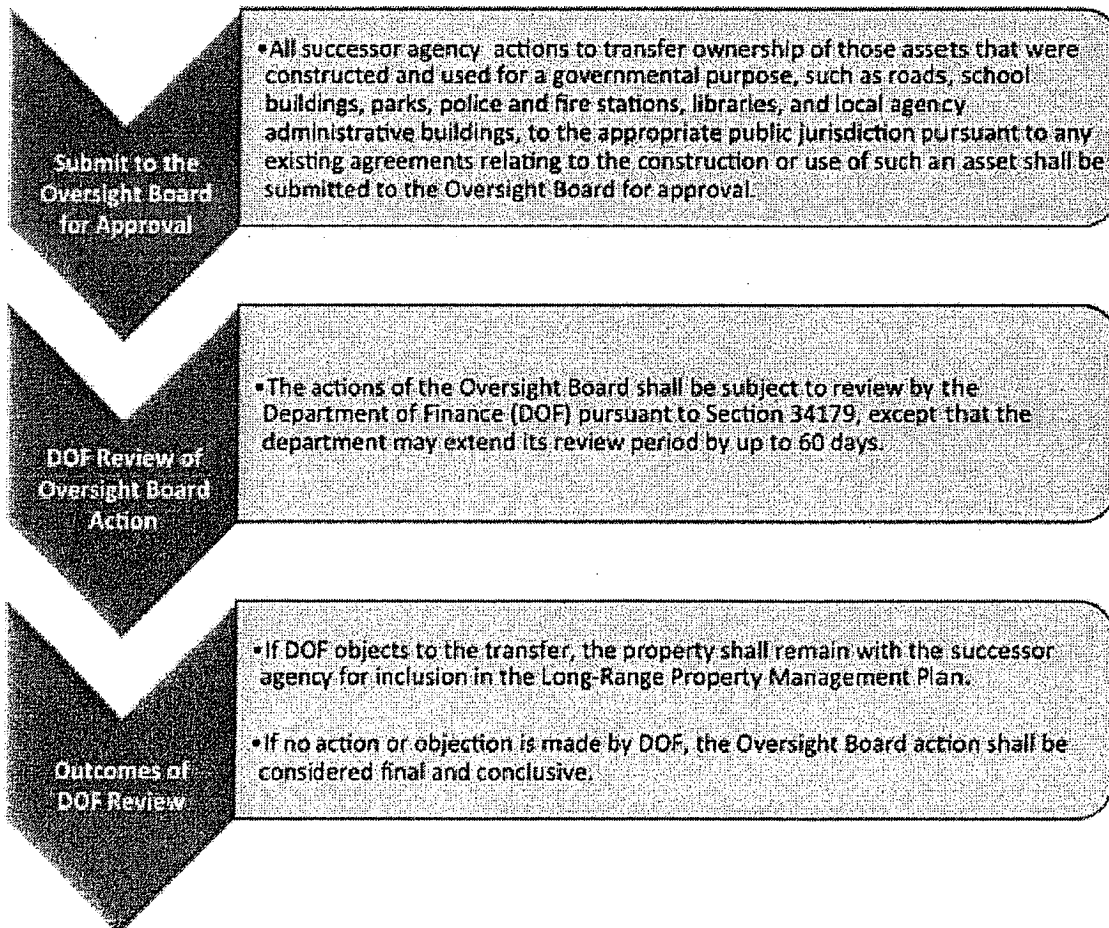
Home Redevelopment — Property Disposition

Property Disposition

Under ABx1 26 and AB 1484, successor agencies are directed to dispose of former redevelopment agency properties. Health and Safety Code (HSC) specifies how successor agencies will dispose of non-housing property depending on the type of property as provided below:

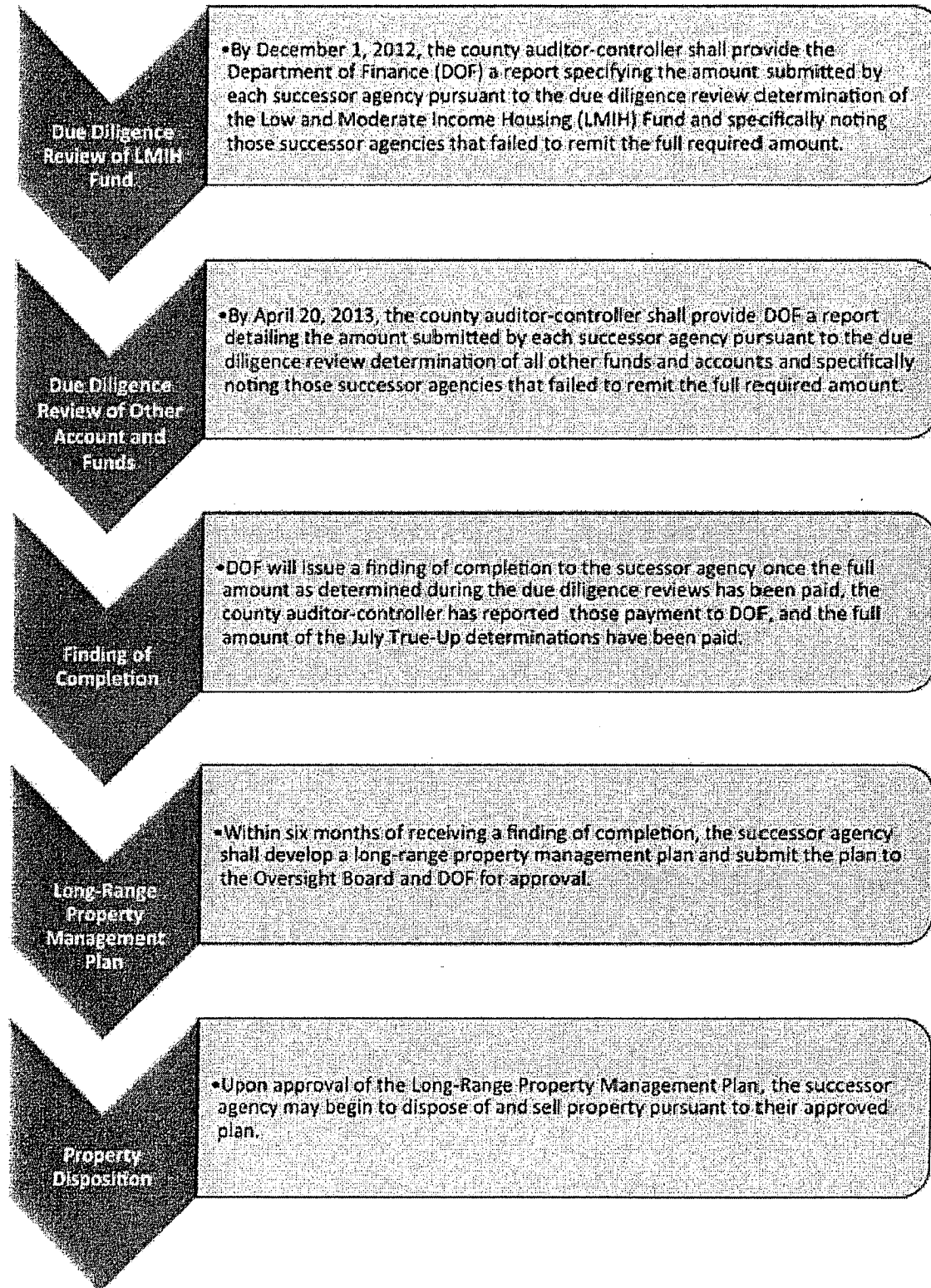
GOVERNMENTAL PURPOSE PROPERTY

HSC section 34181 (a) lists governmental purpose assets to include roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings. The following chart outlines the steps successor agencies can take to transfer property for governmental purposes:



NON-GOVERNMENTAL PURPOSE PROPERTY

HSC section 34177 (e) directs successor agencies on the steps to dispose of non-housing and nongovernmental purpose properties. The following chart outlines the steps a successor agency must follow prior to being allowed to dispose of property:



For information related to Due Diligence Reviews, refer to our web page at: <http://www.dof.ca.gov/redevelopment/duediligence/view.php>.

For additional information relating to the Finding of Completion, refer to <http://www.dof.ca.gov/redevelopment/findingofcompletion/view>

For additional information relating to the Long-Range Property Management Plan, refer to <http://www.dof.ca.gov/redevelopment/longrangepropertymanagement/view>

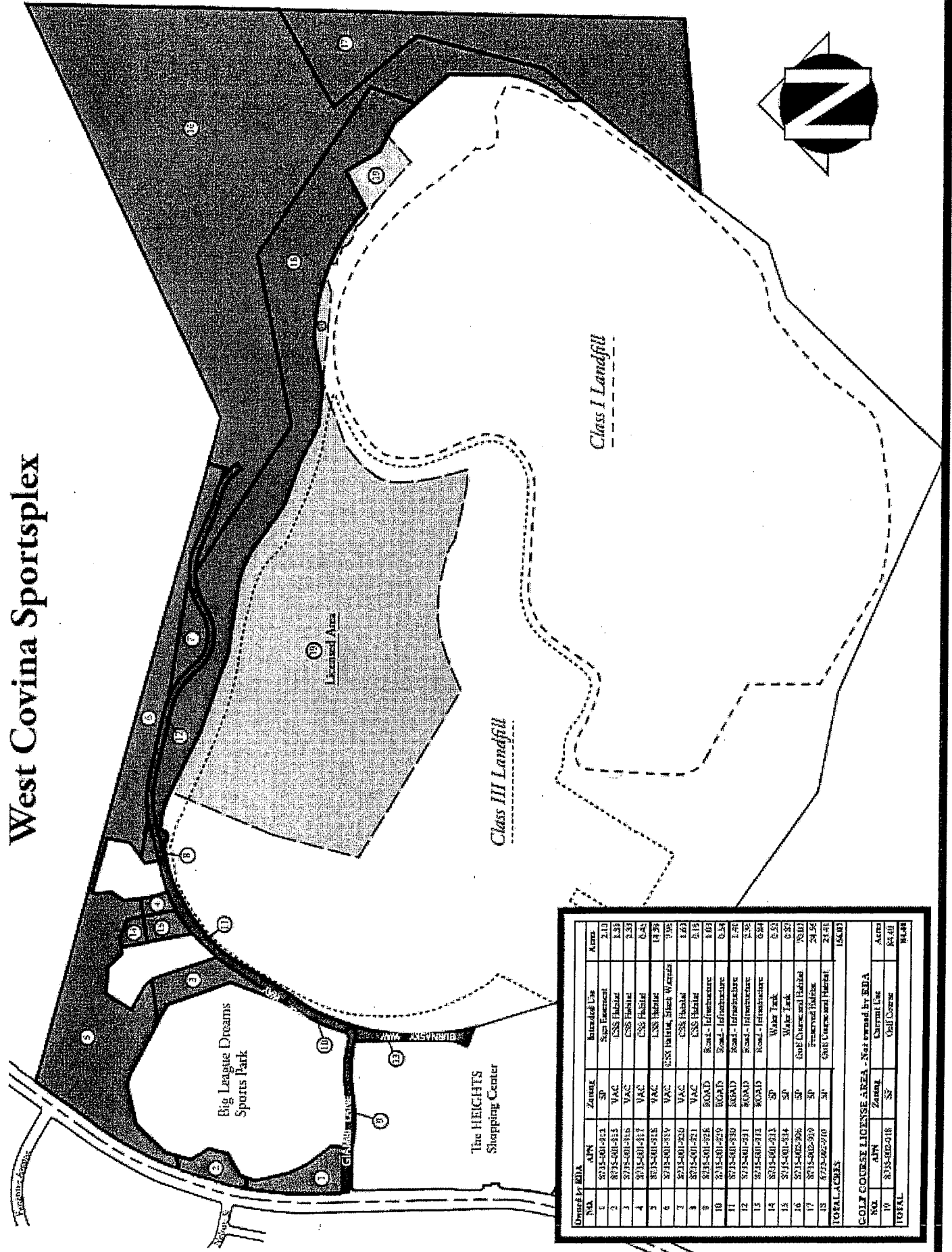
For questions related to former redevelopment agency property disposition, submit an email to: RedevelopmentAdministration@dof.ca.gov.

Webpage last updated August 28, 2012

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ATTACHMENT NO. 3

West Covina Sportsplex

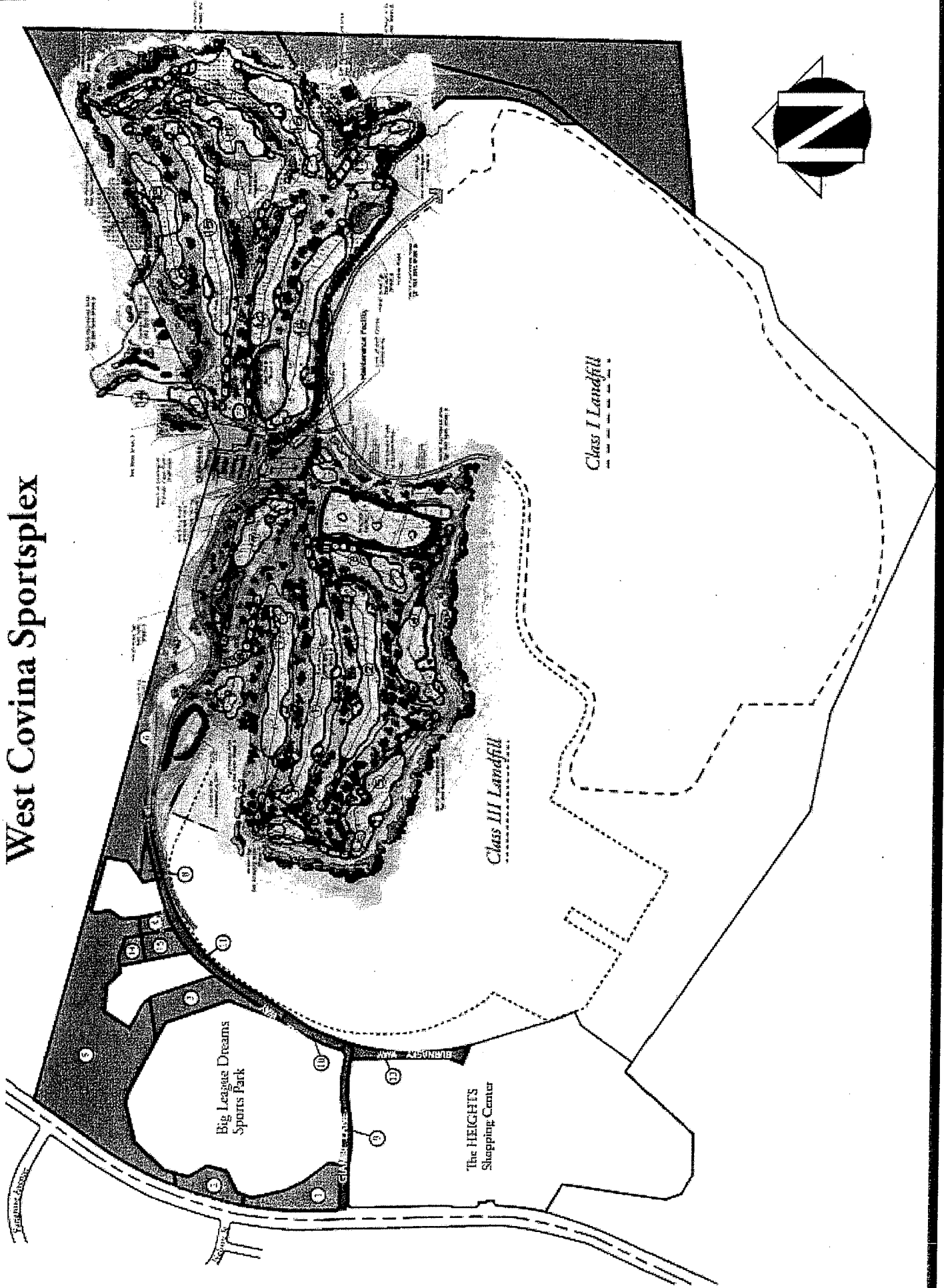


Parcel No.	APN	Zoning	Intended Use	Acres
1	8715-001-013	SP	Site Preparation	2.10
2	8715-001-015	VAC	USS Habitat	1.31
3	8715-001-016	VAC	USS Habitat	2.33
4	8715-001-017	VAC	USS Habitat	0.41
5	8715-001-018	VAC	USS Habitat	14.26
6	8715-001-019	VAC	USS Habitat, Street Warrant	1.95
7	8715-001-020	VAC	USS Habitat	1.69
8	8715-001-021	VAC	USS Habitat	0.18
9	8715-001-022	ROAD	Road - Infrastructure	1.09
10	8715-001-023	ROAD	Road - Infrastructure	0.24
11	8715-001-024	ROAD	Road - Infrastructure	1.24
12	8715-001-025	ROAD	Road - Infrastructure	2.32
13	8715-001-026	ROAD	Road - Infrastructure	0.24
14	8715-001-027	SP	Water Tank	0.63
15	8715-001-028	SP	Water Tank	0.57
16	8715-002-005	SP	Golf Course and Habitat	78.00
17	8715-002-010	SP	Preserved Habitat	24.54
18	8715-002-015	SP	Golf Course and Habitat	21.41
TOTAL ACRES				164.00

GOLF COURSE LICENSE AREA - Not owned by BDA			
Parcel No.	APN	Zoning	Acres
16	8715-002-015	SP	84.00
TOTAL			84.00

ATTACHMENT NO. 4

West Covina Sportsplex



ATTACHMENT NO. 5

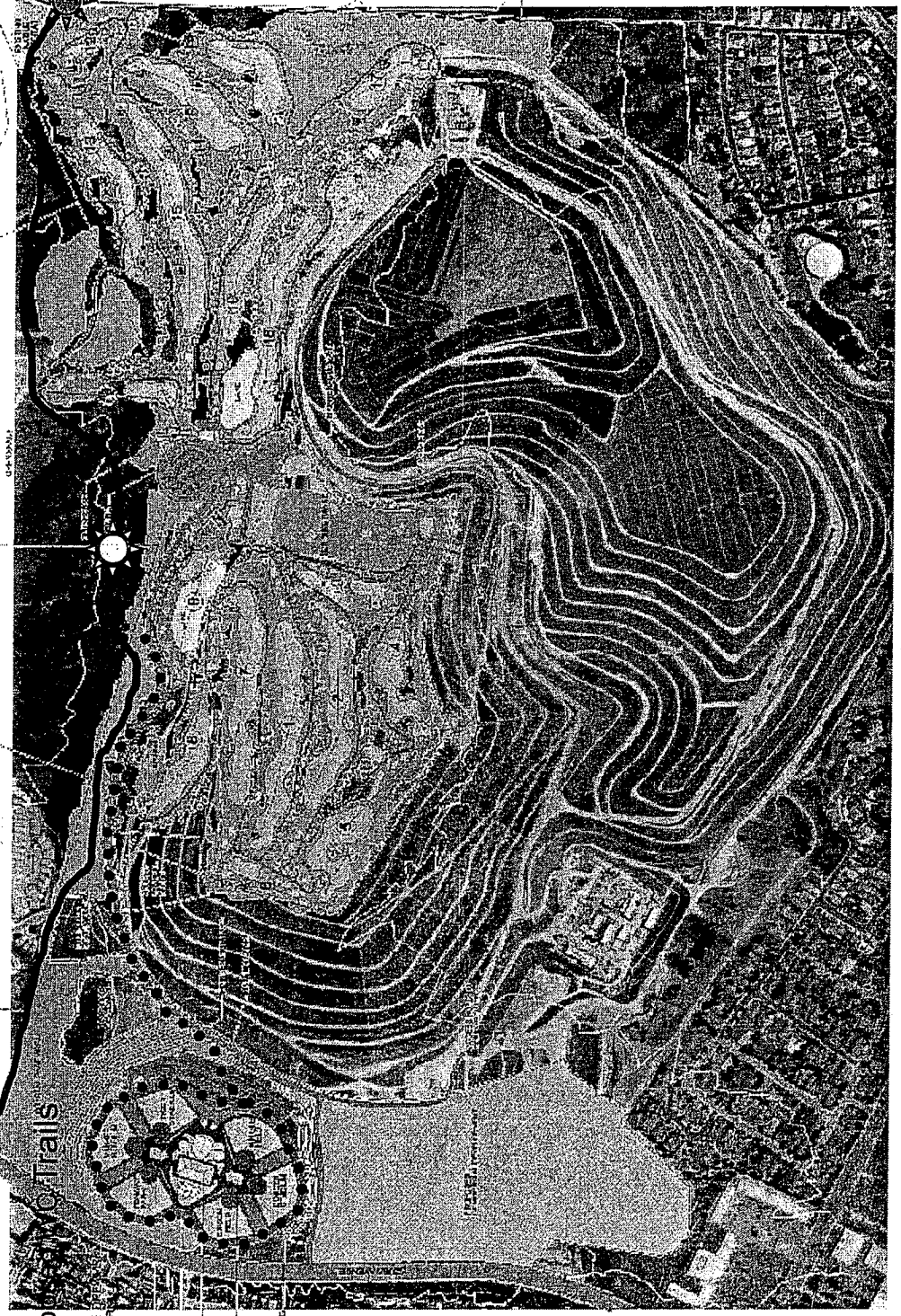
Slides of

City of West Covina

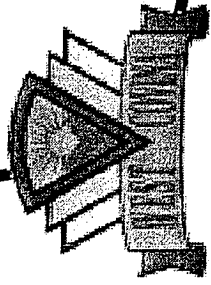
Multi-Purpose
Equestrian, Hiking and Bicycle Trails

City of West Covina's Multi-Purpose Equestrian, Hiking and Bicycle Trails

Proposed WC Trail

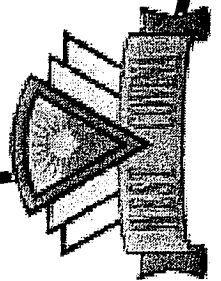


Proposed Trails
BIG LEAGUE SPORTS PARK
AIR HAVEN
POLYMER
MUSEUM
SPURVET
DIGITAL PARK

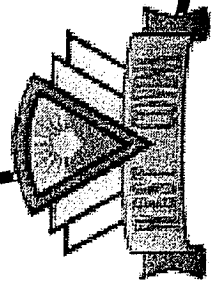


West Covina Sports Complex Design

**City of West Covina's Multi-Purpose
Equestrian, Hiking and Bicycle Trails**

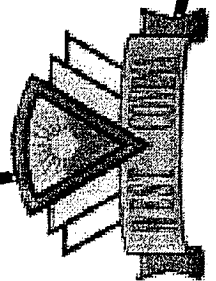
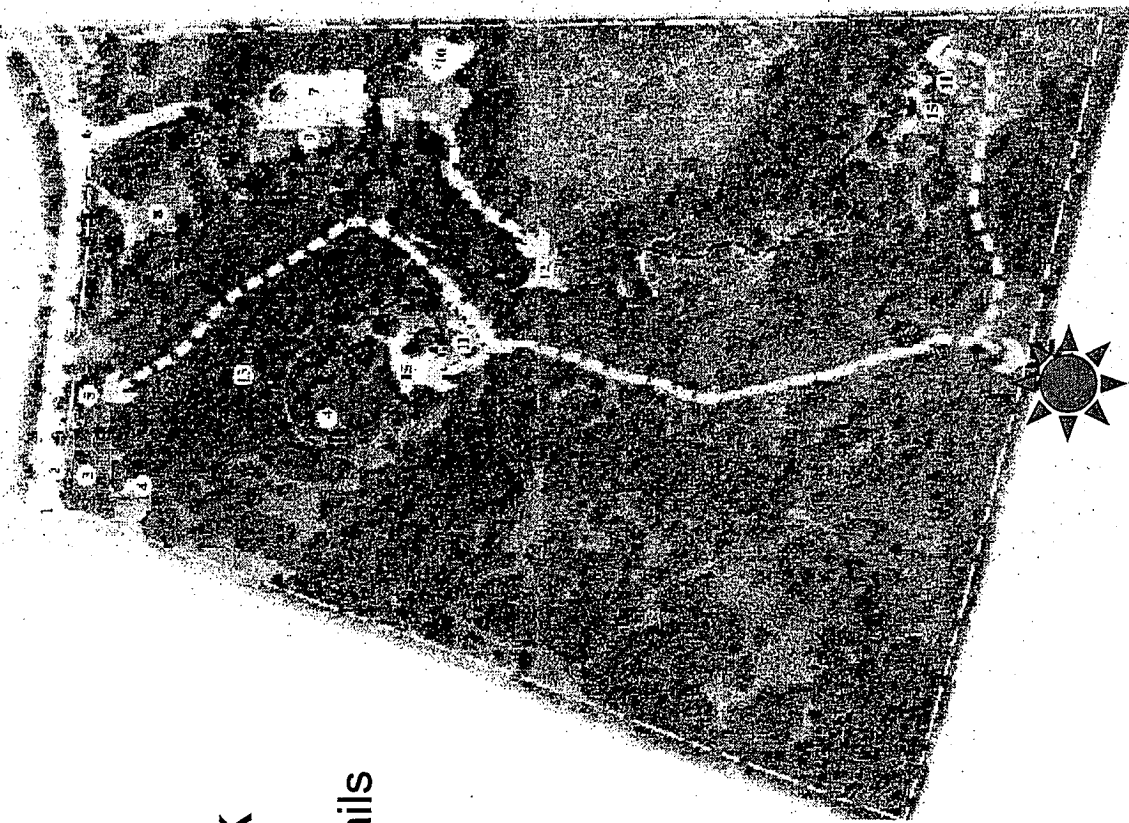


**City of West Covina's Multi-Purpose
Equestrian, Hiking and Bicycle Trails**



**City of West Covina's Multi-Purpose
Equestrian, Hiking and Bicycle Trails**

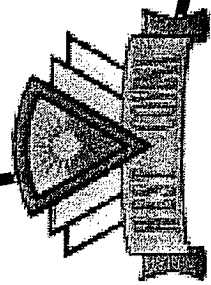
Galster Park
Existing and
Proposed Trails



**City of West Covina's Multi-Purpose
Equestrian, Hiking and Bicycle Trails**



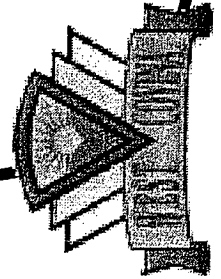
**BKK/Big League
Dreams**



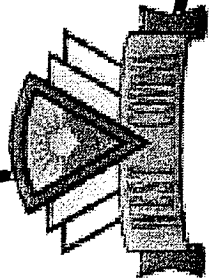
**City of West Covina's Multi-Purpose
Equestrian, Hiking and Bicycle Trails**



Connecting to Schabarum and Walnut Trails



**City of West Covina's Multi-Purpose
Equestrian, Hiking and Bicycle Trails**



ATTACHMENT NO. 6

Excerpt of

United States Environmental Protection Agency (USEPA)
Covenant Not to Sue/Prospective Purchase Agreement (PPA)

Dated

May 23, 2003

For:

WEST COVINA SPORTSPLEX

FILED

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX

2003 MAY 23 PM 12: 29

U.S. EPA REGION IX
REGIONAL HEARING CLERK

IN THE MATTER OF: THE BKK)
LANDFILL, WEST COVINA,)
CALIFORNIA)

UNDER THE AUTHORITY OF THE)
COMPREHENSIVE ENVIRONMENTAL)
RESPONSE, COMPENSATION, AND)
LIABILITY ACT OF 1980, 42 U.S.C.)
§ 9601, et seq., as amended, AND THE)
SOLID WASTE DISPOSAL ACT,)
COMMONLY REFERRED TO AS THE)
RESOURCE CONSERVATION AND)
RECOVERY ACT OF 1976, 42 U.S.C.)
§ 6901, et seq., as amended.)
_____)

U.S. EPA Docket No.:
RCRA-9-2003-0005; CERCLA-9-2003-07

AGREEMENT AND COVENANT
NOT TO SUE THE CITY OF WEST
COVINA, CALIFORNIA

I. INTRODUCTION

This Agreement and Covenant Not to Sue ("Agreement") is made and entered into by and between the United States on behalf of the Environmental Protection Agency ("EPA") and the City of West Covina, a municipal corporation, (collectively, the "Parties").

This Agreement is entered into pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), 42 U.S.C. § 9601, et seq. and the Solid Waste Disposal Act, commonly referred to as the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, ("RCRA"), 42 U.S.C. § 6901, et seq. and the authority of the Attorney General of the United States to compromise and settle claims of the United States.

The City of West Covina, a municipal corporation, ("Settling Respondent") is a duly authorized municipal corporation. The BKK Corporation ("BKK") is the owner and operator of the BKK hazardous waste landfill, which is located at 2210 South Azusa Avenue, West Covina,

California, 91792, wholly within the boundaries of the City of West Covina, California. Settling Respondent has certain land use authority over the Site, as defined herein, as well as certain Local Enforcement Authority over a portion of the Site. The Site is part of a redevelopment project area duly established by the Redevelopment Agency of the City of West Covina (the "Agency"). The Agency desires to purchase Parcels 1 and 2 of the Site (the "Property") from BKK and plans to develop a portion of Parcel 1 of the Property for sports park activities, plans to sell or license another portion of Parcel 1 of the Property for commercial development and plans to develop Parcel 2 of the Property (along with Lot 5 and a portion of Parcel 3) as a municipal golf course. A certain portion of Parcel 1 may also be set aside as habitat for the threatened California gnatcatcher. The Agency also desires to purchase Lot 5, which is not part of the Site, from BKK and desires to enter into a licensing agreement with BKK in order to use a portion of Parcel 3, which is part of the Site, for the golf course.

The Parties agree to undertake all actions required by the terms and conditions of this Agreement. The purpose of this Agreement is to settle and resolve, subject to reservations and limitations contained in Sections VIII, IX, X, and XI, the potential liability of the Settling Respondent for the Existing Contamination at the Property which would otherwise result from Settling Respondent becoming the owner of the Property.

The Parties agree that the Settling Respondent's entry into this Agreement, and the actions undertaken by the Settling Respondent in accordance with the Agreement, do not constitute an admission of any liability by the Settling Respondent.

The resolution of this potential liability, in exchange for provision by the Settling Respondent to EPA of a substantial benefit, is in the public interest.

19. "Release" shall have the meaning given it under both CERCLA Section 101(22), 42 U.S.C. § 9601(22), and RCRA Section 3008(h), 42 U.S.C. § 6928(h).

20. "Remaining Funds" shall mean the funds deposited into the Site Funds Escrow, excluding the Monitoring Protocol Funds, plus any interest earned on such funds.

21. "Sale Escrow Holder" shall mean First American Title Company, which is the Escrow Holder as defined in the Purchase Agreement.

22. "Second Consent Order Modification" shall mean the Second Modification to Administrative Order on Consent (U.S. EPA Docket No. RCRA-9-2000-0003) to be entered into between BKK and EPA.

23. "Security Agreements" shall mean the security agreements to be entered into by and between EPA and BKK and DTSC and BKK, respectively, in substantially the same form as the documents attached hereto as Exhibit 11 and Exhibit 12, respectively.

24. "Settling Respondent" shall mean the City of West Covina, California, a municipal corporation, including without limitation the Agency.

25. "Site" shall mean the BKK Landfill RCRA facility encompassing approximately 583 acres, located at 2210 South Azusa Avenue, in West Covina, Los Angeles County, California, and depicted generally on the map attached as Exhibit 7. The Site shall include the contiguous 583 acres of real property which, at the time it was split into three separate legal parcels (Parcels 1, 2 and 3) by the recording of a final parcel map on May 29, 2001 with the Recorder's Office of Los Angeles County, California, was owned by BKK. The Site includes: the closed hazardous waste landfill ("Class I landfill"), consisting of approximately 190 acres, where hazardous wastes were disposed of up until December 1, 1984; the adjacent inactive municipal solid waste landfill ("Class III landfill"), consisting of approximately 170 acres, which

understood and agreed by the parties that, should the fully executed Supplemental Escrow Instructions fail to be delivered to the Sale Escrow Holder in accordance with paragraph 34 of this Agreement, or should the monies fail to be deposited into the Site Funds Escrow in accordance with the Supplemental Escrow Instructions or should the monies deposited into the Site Funds Escrow fail to be used in accordance with the requirements of Section 10(d)(ii) of the Purchase Agreement, the Site Funds Escrow Agreement and paragraph 34 of this Agreement, the covenant not to sue set forth in Section IX (United States' Covenant Not to Sue) of this Agreement shall be null and void and the United States reserves all rights it may have.

V. WORK TO BE PERFORMED

37. Settling Respondent agrees that, should BKK fail to submit and/or fully implement the Final Workplan in accordance with and as required by the First Consent Order Modification, Settling Respondent shall submit and/or fully implement the Final Workplan in accordance with the First Consent Order Modification for so long as and to the extent funds are available to Settling Respondent for this purpose under: (i) the Site Funds Escrow (with respect to the Monitoring Protocol Funds); (ii) any financial assurance mechanism purchased with the Monitoring Protocol Funds; or (iii) any financial assurance mechanism established for the purpose of ensuring the implementation of the Final Workplan in accordance with the Second Consent Order Modification. Settling Respondent agrees to obtain all necessary approvals from EPA and abide by all approved schedules relating to submittal and implementation of the Final Workplan that BKK would have otherwise have been obligated to abide by or obtain. Settling Respondent intends to perform the work required under this Section V (Work to be Performed) through duly retained environmental consultants. It is understood and agreed by the parties that, in the event no funds described in this paragraph are available to Settling Respondent to submit

or fully implement the Final Workplan, Settling Respondent shall have no further obligations under this Section V with respect to fully implementing the Final Workplan.

38. The Site Funds Escrow Agreement requires that, if an "Event of Default" occurs under either of the Security Agreements prior to disbursement of all funds from the Site Funds Escrow, the Agency, DTSC and/or EPA shall direct the escrow holder for the Site Funds Escrow in writing to: (1) disburse any portion of the Monitoring Protocol Funds remaining in the Site Funds Escrow to a Superfund Special Account to be established by EPA pursuant to the provisions of CERCLA; and (2) disburse the remainder of the funds in the Site Funds Escrow to the Removal and Remediation Activity Account managed by DTSC to fund activities at the Site. In such an event, and notwithstanding paragraph 34(C) of this Agreement, EPA shall use any funds deposited into a Superfund Special Account consistent with the list of "Permitted Disbursements" attached as Exhibit "A" to the Site Funds Escrow Agreement. It is understood and agreed by the Parties that, upon the deposit of any such funds into a Superfund Special Account, Settling Respondent shall have no further obligations under this Section V (Work to be Performed) with respect to the Monitoring Protocol Funds.

VI. ACCESS/NOTICE TO SUCCESSORS IN INTEREST

39. Commencing upon the date that it acquires title to the Property, Settling Respondent agrees to provide to EPA and DTSC, their authorized officers, employees, representatives, and all other persons, including but not limited to BKK, performing response actions, remedial activities, or any other activity taken pursuant to, or authorized by, CERCLA or RCRA under EPA or State oversight, an irrevocable right of access at all reasonable times to the Property, Lot 5 and to any other property to which access is required for the implementation of such activities at the Site, to the extent access to such other property is controlled by the

ATTACHMENT NO. 7

Excerpt of

California Department of Toxic Substance Control (DTSC)
Covenant Not to Sue/Prospective Purchase Agreement (PPA)

Dated

July 9, 2003

For:

WEST COVINA SPORTSPLEX

STATE OF CALIFORNIA
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
DEPARTMENT OF TOXIC SUBSTANCES CONTROL

In the Matter of:)	Docket No. HSA-A 02/03-174
)	
THE BKK LANDFILL)	AGREEMENT AND COVENANT
)	NOT TO SUE THE CITY
2210 South Azusa Avenue)	OF WEST COVINA
West Covina, California)	
)	
and)	
)	
CITY OF WEST COVINA)	
)	
[Settling Respondent])	
)	
)	
)	

I. INTRODUCTION

1.1. Parties. This Agreement and Covenant Not to Sue (Agreement) is made and entered into by and between the State of California, California Environmental Protection Agency, Department of Toxic Substances Control (DTSC) and the City of West Covina, a municipal corporation (collectively the "Parties").

1.2. Site. This Agreement applies to the site located at 2210 South Azusa Avenue in West Covina, Los Angeles County, California and depicted generally on the map attached as Exhibit 1 and more particularly described in Section II of this Agreement, Definitions. A legal description of the Site is the consolidation of the legal descriptions of Parcels 1, 2 and 3 (defined in Section II below) and attached as Exhibits 4, 5 and 6.

1.3 Property. This Agreement applies to the Property, which is the portion of the 583 acre Site comprised of Parcels 1 and 2 and more particularly described in Section II of this Agreement.

A legal description of the Property is the consolidation of the legal descriptions of Parcels 1 and 2 (defined in Section II

below) attached as Exhibits 4 and 5. Parcels 1 and 2 are depicted in the map of the Site attached as Exhibit 1.

1.4. Jurisdiction. DTSC enters into this Agreement pursuant to Health and Safety Code, division 20, chapter 6.8, section 25300 et seq. (the Hazardous Substance Account Act (HSAA), chapter 6.5, section 25100 et seq. (the Hazardous Waste Control Law (HWCL)) and Health and Safety Code sections 58009 and 58010. DTSC has authority to enter into agreements whereby DTSC covenants not to sue or assert claims for environmental remediation against prospective purchasers of environmentally impacted properties, if such agreements are sufficiently in the public interest.

1.5. Purpose. The Parties agree to undertake all actions required by the terms and conditions of this Agreement. The purpose of this Agreement is to settle and resolve, subject to reservations and limitations contained in Sections V (Covenants Not to Sue) and VIII (Certification), the potential liability of the Settling Respondent for the Existing Contamination (hereinafter defined) at the Property that would otherwise result from Settling Respondent becoming the owner of the Property.

The City of West Covina, California, a municipal corporation and the Redevelopment Agency of the City of West Covina, California, a municipal corporation, ("Settling Respondent") are duly authorized municipal corporations. The BKK Corporation ("BKK") is the owner and operator of the BKK hazardous waste landfill, which is located at 2210 South Azusa Avenue, West Covina, California, 91792, wholly within the boundaries of the City of West Covina, California (the "Site").

Settling Respondent has certain land use authority over the Site, as well as certain Local Enforcement Authority over a portion of the Site, as defined herein. The Site is part of a redevelopment project area duly established by the Redevelopment Agency of the City of West Covina (the "Agency"). The Agency desires to purchase Parcels 1 and 2 of the Site (the "Property") from BKK and plans to develop a portion of Parcel 1 of the Property for sports park activities, plans to sell another portion of Parcel 1 of the Property for commercial development and plans to develop Parcel 2 of the Property (along with Lot 5 and a portion of Parcel 3) as a municipal golf course. A certain portion of Parcel 1 may also be set aside as habitat for the threatened California gnatcatcher. The Agency also desires to purchase Lot 5, which is not part of the Site, from BKK and desires to enter into a licensing agreement with BKK in order to use a portion of Parcel 3, which is part of the Site, for the golf course.

Docket No. RCRA-9-2000-003) to be entered into between BKK and EPA.

24. "Security Agreements" shall mean the security agreements to be entered into by and between EPA and BKK and DTSC and BKK respectively, in substantially the same form as the documents attached hereto as Exhibit 8 and Exhibit 9, respectively.

25. "Settling Respondent" shall mean the City of West Covina, California, a municipal corporation, including without limitation the Agency.

26. "Site" shall mean the BKK Landfill RCRA facility encompassing approximately 583 acres, located at 2210 South Azusa Avenue, in West Covina, Los Angeles County, California, and depicted generally on the map attached as Exhibit 1 of this Agreement. The Site shall include the contiguous 583 acres of real property which, at the time it was split into three separate legal parcels (Parcels 1, 2 and 3) by the recording of a final parcel map on May 29, 2001 with the Recorder's Office of Los Angeles County, California, was owned by BKK. The Site includes: the closed hazardous waste landfill ("Class I landfill"), consisting of approximately 190 acres, where hazardous wastes were disposed of from 1972 to 1984 and municipal waste and asbestos were disposed until 1987; the adjacent inactive municipal solid waste landfill ("Class III landfill"), consisting of approximately 170 acres, which was operated from 1987 to 1996; a leachate treatment plant; and gas combustion and energy recovery facilities. The Site also includes the Property, and all areas to which hazardous wastes within the meaning of Health and Safety Code section 25117, hazardous substances and/or pollutants or contaminants, have come to be located.

27. "Site Funds Escrow" shall mean the escrow accounts subject to the Site Funds Escrow Agreement.

28. "Site Funds Escrow Agreement" shall mean the agreement to be entered into by and between BKK, Settling Respondent and Wells Fargo Bank in substantially the same form as the document attached hereto as Exhibit 10.

29. "Supplemental Escrow Instructions" shall mean the Fifth Amendment to Agreement of Purchase and Sale and Joint Escrow Instructions to be delivered to the Sale Escrow Holder in accordance with the provisions of this Agreement, a true and correct copy of which is attached hereto as part of Exhibit 7.

30. "United States" shall mean the United States of America, its departments, agencies and instrumentalities.

4.3. Work to Be Performed.

(a) Implement Final Workplan. Settling Respondent agrees that, should BKK fail to submit and/or fully implement the Final Workplan in accordance with and as required by the First Consent Order Modification, Settling Respondent shall submit and/or fully implement the Final Workplan in accordance with the First Consent Order Modification for so long as and to the extent funds are available from the sources set forth below to Settling Respondent for this purpose under: (i) the Site Funds Escrow (with respect to the Monitoring Protocol Funds); (ii) any financial assurance mechanism purchased with the Monitoring Protocol Funds; or (iii) any financial assurance mechanism established for the purpose of ensuring the implementation of the Final Workplan in accordance with the Second Consent Order Modification. Settling Respondent agrees to obtain all necessary approvals from DTSC and abide by all approved schedules relating to submittal and implementation of the Final Workplan that BKK would have otherwise been obligated to abide by or obtain. Settling Respondent intends to perform the work required under this paragraph (a) of Section 4.3 (Work to be Performed/Implement Final Workplan) through duly retained environmental consultants. It is understood and agreed by the parties that, in the event no funds described in this paragraph are available to Settling Respondent to submit or fully implement the Final Workplan, Settling Respondent shall have no further obligations under this paragraph (a) of Section 4.3 (Work to be Performed/Implement Final Workplan) with respect to fully implementing the Final Workplan.

(b) Settling Respondent also agrees to cooperate fully in being named as an additional insured, or additional payee, or otherwise being identified as an entity to whom the funds for the preparation and/or implementation of the Final Workplan will be made available in accordance with this Agreement and the Second Consent Order Modification.

(c) Direct Remaining Funds. The Site Funds Escrow Agreement requires that, if an "Event of Default" occurs under either of the Security Agreements prior to disbursement of all funds from the Site Funds Escrow, the Agency, DTSC and/or EPA shall direct the escrow holder for the Site Funds Escrow in writing to: (1) disburse any portion of the Monitoring Protocol Funds remaining in the Site Funds Escrow to a Superfund Special Account to be established by EPA pursuant to the provisions of CERCLA; and (2) disburse the remainder of the funds in the Site Funds Escrow to the Removal and Remediation Activity Account managed by DTSC to fund remediation activities at the Site. In such an event, and notwithstanding Section 4.2, paragraph

ATTACHMENT NO. 8

Excerpt of
Staff Report

Dated
June 15, 2004

For:
WEST COVINA SPORTSPLEX
Golf Course Grading

AGENDA

Item No.: D-4
Date: June 15, 2004

TO: Andrew G. Pasmant, City Manager
and City Council

FROM: Tom Bachman, Director
Finance Department

SUBJECT: PUBLIC HEARING - RESOLUTION AUTHORIZING THE ISSUANCE
OF LEASE REVENUE BONDS, 2004 SERIES A (GOLF COURSE
PROJECT)

RECOMMENDATION:

It is recommended that the City adopt the following resolution:

RESOLUTION NO. ²⁰⁰⁴⁻⁵⁸ - RESOLUTION OF THE CITY
COUNCIL OF THE CITY OF WEST COVINA
AUTHORIZING AND APPROVING A PROJECT LEASE, A
LEASE AGREEMENT, A PRELIMINARY OFFICIAL
STATEMENT, A FINAL OFFICIAL STATEMENT, A
CONTINUING DISCLOSURE AGREEMENT, AND A BOND
PURCHASE AGREEMENT; APPROVING THE
RETENTION OF CERTAIN PROFESSIONAL FIRMS; AND
AUTHORIZING THE TAKING OF CERTAIN OTHER
ACTIONS IN CONNECTION THEREWITH

DISCUSSION:

On July 6, 2002, the City Council and the Community Development Commission (CDC, formerly the Redevelopment Agency Board) approved the West Covina Sportsplex Project. The Sportsplex Project included the development of a municipal golf course. On September 17, 2002 the CDC retained Rossetti Architects (design consultant) and Heinbuch Golf Construction (construction management consultant) to design and prepare the necessary construction documents for the Sportsplex Project. To date, the design and construction management consultants have prepared bid documents for the first phase of the Sportsplex Project, which includes grading and infrastructure improvements.

On June 1, 2004, the City Council approved the award of bid for the rough grading, storm drains and utility relocation (phase one) for the Sportsplex Project. The net amount of the grading contract after credits for the par 70 design is \$7,654,571. With contingency and soils inspection, the funding allocation to be financed for the grading, storm drain and utility relocation work is \$9,000,000. Also included in phase one financing will be partial cost of installing the water delivery system, which has an estimated total cost of \$3 million. The amount of the water system improvements to be financed in phase one is \$2.1 million. The combined total of phase one costs to be financed is \$11.1 million.

The total grading/golf course project cost is \$31,777,307, of which \$26,162,927 is to be financed with lease revenue bonds. The bonds will be issued in two phases with the phase one bonds to be issued to generate \$11.1 million in project funds and the phase two bonds will generate approximately \$15.1 million project funds. Total amount of the phase one bond issue, including financing costs and capitalized interest is estimated to be \$12.56 million. A summary of the project cost and financing follows.

	Phase 1 Financing	Phase 2 Financing	Total Financing
Mass Grading (1)	\$ 8,520,000		\$ 8,520,000
Infrastructure	\$ -	\$ 1,966,322	\$ 1,966,322
Credit: Par 70 Schmidt/Curley	\$ -	\$ (283,000)	\$ (283,000)
Hard Cost-Vertical Construction	\$ -	\$ 5,391,000	\$ 5,391,000
Hard Cost-Golf Course	\$ -	\$ 6,688,605	\$ 6,688,605
Utilities Connection Fee	\$ -	\$ 400,000	\$ 400,000
Water System	\$ 2,100,000	\$ 900,000	\$ 3,000,000
Soils Inspections	\$ 480,000	\$ -	\$ 480,000
Total Financed Project Costs	\$ 11,100,000	\$ 15,062,927	\$ 26,162,927
Other Fund Deposits			
Capitalized Interest	\$ 590,125	\$ 1,126,444	\$ 1,716,569
Capitalized Expenses	\$ 348,973	\$ 513,128	\$ 862,101
Debt Service Reserve		\$ 1,403,733	\$ 1,403,733
Financing Costs			
Cost of Issuance	\$ 260,000	\$ 300,000	\$ 560,000
Underwriter's Discount	\$ 94,238	\$ 141,262	\$ 235,500
Letter of Credit Fees	\$ 150,780	\$ 226,020	\$ 376,800
Remarketing Fees	\$ 15,706	\$ 23,544	\$ 39,250
Rounding-Project Fund	\$ 5,178	\$ 37,942	\$ 43,120
Total Bond Issue	\$ 12,565,000	\$ 18,835,000	\$ 31,400,000

	Phase 1	Phase 2	Total
Total Financed Project Costs	\$ 11,100,000	\$ 15,062,927	\$ 26,162,927
Non-Financed Project Costs:			
Soft Costs			\$ 1,974,728
Amended Contracts			\$ 267,909
Legal			\$ 125,000
Miscellaneous			\$ 85,743
Developer Impact Fees			\$ 161,000
Land			\$ 3,000,000
Total Non-Financed Project Costs			\$ 5,614,380
Total Golf Course Project Costs			\$ 31,777,307

The first phase bonds will be issued in two series, Series A in the amount of \$7,230,000 with net project proceeds of \$6.4 million, and Series B in the amount of \$5,335,000 with net project proceeds of \$4.7 million. The first phase bond issue is being split into two series to separate out the costs allocable to the 100-acre site. The bonds will be issued on a variable rate basis, which is currently about 1%, and be backed by a pledge of General Fund revenues. For cash flow analysis, the interest rate is estimated to be 1.5% in the first year, 2.5% in the second year, and 3.3% for all years after that. Debt service is paid from capitalized interest in the first 2 1/2 years. Net annual debt service payments stabilize at approximately \$875,000 per year and will be paid from net golf course revenues.

The structure of the bonds would consist of the West Covina Public Financing Authority issuing lease revenue bonds, the Authority leasing city facilities from the City and in turn leasing the facilities back to the City. The City would make annual lease payments to the Authority in an amount equal to the annual debt service payments of the bonds. The Authority is required to make the debt service payments on the bonds.

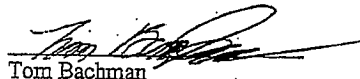
ALTERNATIVES:

The City has previously approved the grading contract. An alternative to financing the grading and water delivery system project would be to pay for the project using cash reserves. This would avoid cost of issuance and interest costs. However, given the City's need to use reserves to fund the budget gap it makes sense to finance the project since projections indicate that project revenues will be sufficient to make the debt service payments.

FISCAL IMPACT:

Net bond proceeds would be \$11.1 million. The total bond issue would be \$12.56 million. The bonds will be issued on a variable rate basis, which is currently about 1%. For cash flow analysis, the interest rate is estimated to be 1.5% in the first year, 2.5% in the second year, and 3.3% for all years after that. The term of the bonds is thirty years. The debt service in the first 2 ½ years would be paid by the capitalized interest fund. Debt service annual payments would stabilize at \$875,000 and be paid by excess revenues from the golf course. Once the BKK commercial site is sold, land sale proceeds would reduce the amount of the phase two financing. Projections of golf course revenues indicate that net golf course revenues are more than sufficient to meet the debt service requirements of both phase one and phase two bond issues.

Prepared by:


Tom Bachman
Director of Finance

Attachments: No. 1 - Resolution
No. 2 - Bond Sources and Uses of Funds; Debt Service Schedules
No. 3 - Preliminary Official Statement
No. 4 - Site and Facility Lease
No. 5 - Lease Agreement
No. 6 - Continuing Disclosure Agreement
No. 7 - Bond Purchase Agreement

ATTACHMENT NO. 9

34177. Successor agencies are required to do all of the following:

(e) Dispose of assets and properties of the former redevelopment agency as directed by the oversight board; provided, *however, that the oversight board may instead direct the successor agency to transfer ownership of certain assets pursuant to subdivision (a) of Section 34181*. The disposal is to be done expeditiously and in a manner aimed at maximizing value. Proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the oversight board, shall be transferred to the county auditor-controller for distribution as property tax proceeds under Section 34188. *The requirements of this subdivision shall not apply to a successor agency that has been issued a finding of completion by the Department of Finance pursuant to Section 34179.7.*

(h) *Expediently wind down the affairs of the redevelopment agency* pursuant to the provisions of this part and in accordance with the direction of the oversight board.

34181. The oversight board shall direct the successor agency to do all of the following:

(a) *Dispose of all assets and properties of the former 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, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset.* Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value. Asset disposition may be accomplished by a distribution of income to taxing entities proportionate to their property tax share from one or more properties that may be transferred to a public or private agency for management pursuant to the direction of the oversight board.

(b) Cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations.

(c) Transfer housing assets pursuant to Section 34176.

(d) Terminate any agreement, between the dissolved redevelopment agency and any public entity located in the same county, obligating the redevelopment agency to provide funding for any debt service obligations of the public entity or for the construction, or operation of facilities owned or operated by such public entity, in any instance where the oversight board has found that early termination would be in the best interests of the taxing entities.

(e) 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. The board may approve any amendments to or early termination of those agreements if it finds that amendments or early termination would be in the best interests of the taxing entities.

(f) All actions taken pursuant to subdivisions (a) and (c) shall be approved by resolution of the oversight board at a public meeting after at least 10 days' notice to the public of the specific proposed actions. The actions shall be subject to review by the Department of Finance pursuant to Section 34179 except that the department may extend its review period by up to 60 days. If the department does not object to an action subject to this section, and if no action challenging an action is commenced within 60 days of the approval of the action by the oversight board, the action of the oversight board shall be considered final and can be relied upon as conclusive by any person. If an action is brought to challenge an action involving title to or an interest in real property, a notice of pendency of action shall be recorded by the claimant as provided in Title 4.5 (commencing with Section 405) of Part 2 of the Code of Civil Procedure within a 60-day period.

34191.5.

(a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The report shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.

(c) The long-range property management plan shall do all of the following:

(1) Include an inventory of all properties in the trust. The inventory shall consist of all of the following information:

(A) The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.

(B) The purpose for which the property was acquired.

(C) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

(D) An estimate of the current value of the parcel including, if available, any appraisal information.

(E) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

(F) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

(G) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

(H) A brief history of previous development proposals and activity, including the rental or lease of property.

(2) Address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

(A) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.

(B) If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds from the sale shall be distributed as property tax to the taxing entities.

(C) Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
OF THE WEST COVINA REDEVELOPMENT AGENCY**

AGENDA REPORT

Item No. V - C

Date: November 1, 2012

TO: Chairman and Members of the Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

FROM: Andrew G. Pasmant, Executive Director

BY: Thomas Bachman, Finance Director

SUBJECT: **DEPARTMENT OF FINANCE CORRESPONDENCE**

RECOMMENDED ACTION:

It is recommended that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency receive and file this report.

DISCUSSION:

Below (and attached) are the correspondence between the West Covina Successor Agency and the State Department of Finance.

1. 10-11-12 – Email transmission to DOF of LMIHF Due Diligence Review.
2. 10-14-12 – DOF letter of determination on ROPS III.
3. 10-19-12 – Email transmission to DOF of Request to Meet and Confer on ROPS III.
4. 10-24-12 – Email transmission to DOF of additional information requested for LMIHF Due Diligence Review.

Successor Agency staff will be prepared to discuss these correspondences with the board at the meeting.

Prepared By:


Thomas Bachman
Finance Director

Attachments: Correspondence 1 – 4 as noted above.

Thomas Bachman

From: Thomas Bachman
Sent: Thursday, October 11, 2012 6:35 PM
To: 'redevelopment_administration@dof.ca.gov'; 'Successor@auditor.lacounty.gov'
Subject: LMIHF Due Diligence Review Submittal
Attachments: Housing DDR Resolution - signed - 10-11-12.pdf; WC Final DDR AB 1484 Report - Housing 09-28-12.pdf; WC Final DDR AB 1484 Report - Housing 09-28-12 Revised Exhibit 3.pdf

Pursuant to Section 34179.5, the Successor Agency to the West Covina Redevelopment Agency retained the independent accounting firm of White Nelson Diehl Evans to conduct a due diligence review of the Low and Moderate Income Housing Fund of the former redevelopment agency. That review was presented to the oversight board, the county auditor-controller, the Controller, and the Department of Finance on October 1, 2012.

After holding a public comment session on October 4, 2012, the Oversight Board to the Successor Agency to the West Covina Redevelopment Agency on October 11, 2012 approved the Due Diligence Review for the Low and Moderate Income Housing Fund, as adjusted, and determined that the resulting amount of LMIHF funds available for distribution taxing entities is \$328,277. In accordance with 34179.6(c), the Due Diligence Review is now being transmitted to the Department of Finance and the county auditor-controller.

Attached are the resolution approving the DDR, the DDR prepared by White Nelson Diehl Evans, and the Revised Exhibit 3 to report. The Revised Exhibit 3 because the original Exhibit 3 contained in the report included an estimate for the pass through obligation of the Successor Agency. The county provided the Successor agency with an actual amount on October 2, after the report had been completed and transmitted to the Oversight Board. The Revised Exhibit 3 was provided at the public comment session and reviewed by the Oversight Board at that time, and ultimately approved by them as indicated in the resolution.

Please let me know if you questions regarding this submittal.

Tom Bachman
Assistant City Manager/Finance Director
(626) 939-8449

Thomas Bachman

2.

From: Redevelopment Administration [RedevelopmentAdministration@dof.ca.gov]
Sent: Sunday, October 14, 2012 9:38 PM
To: Thomas Bachman; Denise Bates; kburns@auditor.lacounty.gov; 'RDA-SDsupport@sco.ca.gov' (RDA-SDsupport@sco.ca.gov)
Subject: West Covina ROPS III
Attachments: West_Covina_ROPS_III.pdf

Pursuant to Health and Safety Code (HSC) section 34177 (m), you submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance). See the attached letter for Finance's determination.

Department of Finance
Redevelopment Agency Administration



October 14, 2012

Mr. Tom Bachman, Assistant City Manager
City of West Covina
1444 W. Garvey Ave.
West Covina, CA 91790

Dear Mr. Bachman:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of West Covina successor agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Items No. 23 through 27 – City contracts totaling \$87.8 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency (RDA) and the former RDA are not enforceable obligations. Therefore, these items are not enforceable obligations and not eligible for Property Tax Trust Fund (RPTTF) funding.
- Items No. 41 through 44 – City loans totaling \$1.7 million. These items were previously denied by Finance on the July through December 2012 ROPS period. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency (RDA) and the former RDA are not enforceable obligations. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods. Therefore, these items are not enforceable obligations and not eligible for RPTTF funding.
- Claimed administrative costs exceed the allowance by \$257,260. HSC section 34171 (b) limits the fiscal year 2012-13 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$368,040 for administrative expenses. The Los Angeles Auditor Controller's Office distributed \$241,173 of administrative costs for the July through December 2012 period, thus leaving \$126,867 available for the January through June 2013 period. Although \$242,181 is claimed for administrative costs, item numbers 18, 20, 21, 39 and

Mr. Bachman
October 14, 2012
Page 2

40 totaling \$141,946 are considered administrative expenses and should be counted toward the cap. Therefore, \$257,260 of excess administrative cost is not allowed.

Several item numbers indicate they are for anticipated or existing litigation. HSC section 34171 (b) allows litigation expenses related to assets or obligations to be funded with property tax outside the administrative cap. Therefore, we have approved funding for these items. The funding is limited specifically to bringing or contesting a legal action in court; otherwise general legal services are considered an administrative expense.

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$6,085,305 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 8,692,846
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 18*	35,000
Item 20*	10,000
Item 21*	30,000
Item 23	730,744
Item 24	133,410
Item 25	0
Item 26	0
Item 27	0
Item 39*	36,946
Item 40*	30,000
Item 41	730,744
Item 42	730,744
Item 43	133,410
Item 44	133,410
Total approved RPTTF for enforceable obligations	\$ 5,958,438
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	126,867
Total RPTTF approved:	\$ 6,085,305

*Reclassified as administrative cost

Administrative Cost Calculation	
Total RPTTF for the period July through December 2012	\$ 6,309,574
Total RPTTF for the period January through June 2013	5,958,438
Total RPTTF for fiscal year 2012-13:	\$ 12,268,012
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	368,040
Administrative allowance for the period of July through December 2012	241,173
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 126,867

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

Mr. Bachman
October 14, 2012
Page 4

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. 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 to the successor agency in the RPTTF.

Please direct inquiries to Kylie Le, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Denise Bates, Accounting Manager, City of West Covina
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller

From: Thomas Bachman
Sent: Friday, October 19, 2012 3:07 PM
To: 'Redevelopment_Administration@dof.ca.gov'
Cc: Denise Bates
Subject: West Covina Meet and Request Form - ROPS III
Attachments: DOF Meet and Confer Request 10-19-12.pdf

Attached is the West Covina Successor Agency ROPS III Meet and Confer Request Form. The City has previously provided DOF with numerous documents supporting these obligations. We are currently in the process of further compiling our documentation package, of which some documents go back 40 years, and will provide DOF with additional supporting documents prior to our meet and confer session.

Please contact me with any questions regarding this request.

Tom Bachman
Assistant City Manager/Finance Director
(626) 939-8449

Thomas Bachman

From: Redevelopment Administration [RedevelopmentAdministration@dof.ca.gov]
Sent: Friday, October 19, 2012 3:07 PM
To: Thomas Bachman
Subject: Automatic Reply from Department of Finance

Thank you for contacting the Department of Finance's (Finance) Local Government Unit. Finance established this new unit to assist local governments with winding down Redevelopment Agencies. Your patience is appreciated as we continue to work through high volumes of questions and form submittals.

ROPS III—If your email is a submittal of a properly formatted ROPS form that has been approved by your Oversight Board, Health and Safety Code Section 34177 (m) provides that Finance shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the ROPS is submitted. Pending the resolution of the questions we have on these obligations, your ROPS shall not be effective. Finance staff will be contacting you shortly to identify which items are being reviewed.

If you are submitting requested documents or information related to your ROPS review, thank you. Finance staff will be contacting you with follow up questions after we review the documents or information submitted.

ROPS (Period of July through December 2013)—If your email is a submittal of an oversight board approved ROPS form for the Period of July through December 2013 we are hereby returning your Oversight Board action and pursuant to section 34179 (h) the action is not effective. Finance is in the process of making adjustments to the ROPS form. Per HSC section 34177 (m) (1), the ROPS must be prepared in the manner provided for by Finance; therefore, no ROPS forms for the period of July through December 2013 should be submitted until the new form is ready. Finance is currently working on the new ROPS format and will notify all Successor Agencies when it is available on our website.

Due Diligence Reviews—If you are submitting a completed Due Diligence Review, thank you. Finance staff will be contacting you with follow up questions after we review the material submitted.

Meet and Confer—If your email is related to the "Meet and Confer" process or is a request to "Meet and Confer," our Dispute Resolution Coordinator will contact you to set a meeting time and date. A formal written request to "Meet and Confer" will be required before the process can be initiated.

Visit www.dof.ca.gov/redevelopment/meet_and_confer for additional information on the "Meet and Confer" process and requirements.

Other Questions—If your email is asking a question that doesn't fit into the three categories above, your question will be assigned to Finance staff to get you a response. In the meantime, please go to our website at www.dof.ca.gov/redevelopment for information on the winding down of redevelopment agencies and answers to frequently asked questions.

Please allow one to two weeks for a response.

Sincerely,
Department of Finance
Redevelopment Agency Administration



MEET AND CONFER REQUEST FORM

Instructions: Please fill out this form in its entirety to initiate a Meet and Confer session. Additional supporting documents may be included with the submittal of this form—as justification for the disputed item(s). Upon completion, email a PDF version of this document (including any attachments) to:

Redevelopment_Administration@dof.ca.gov

The subject line should state “[Agency Name] Request to Meet and Confer”. Upon receipt and determination that the request is valid and complete, the Department of Finance (Finance) will contact the requesting agency within ten business days to schedule a date and time for the Meet and Confer session.

To be valid, all Meet and Confer requests must be specifically related to a determination made by Finance and submitted within the required statutory time frame. The requirements are as follows:

- **Housing Asset Transfer** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34176 (a) (2).
- **Due Diligence Review** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter, and no later than **November 16, 2012** for the Low and Moderate Income Housing Fund due diligence review per HSC Section 34179.6 (e).
- **Recognized Obligation Payment Schedule (ROPS)** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34177 (m).

Agencies should become familiar with the Meet and Confer Guidelines located on Finance’s website. Failure to follow these guidelines could result in termination of the Meet and Confer session. Questions related to the Meet and Confer process should be directed to Finance’s Dispute Resolution Coordinator at (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

AGENCY (SELECT ONE):

Successor Agency Housing Entity

AGENCY NAME: City of West Covina Successor Agency

TYPE OF MEET AND CONFER REQUESTED (SELECT ONE):

Housing Assets Transfers Due Diligence Reviews ROPS Period III

DATE OF FINANCE’S DETERMINATION LETTER: October 14, 2012

REQUESTED FORMAT OF MEET AND CONFER SESSION (SELECT ONE):

Meeting at Finance Conference Call

DETAIL OF REQUEST

A. Summary of Disputed Issue(s) *(Must be specific.)*

Denial of the following items as enforceable obligations.

The Successor Agency disputes the finding by DOF that Items 18, 20, 21, 39, and 40 are administrative costs.

The Successor Agency disputes the finding by DOF that Items 23 - 27 and 41 - 44 are not enforceable obligations.

B. Background/History *(Provide relevant background/history, if applicable.)*

Item 18 pertains to employee costs related to managing and maintaining properties owned by the Successor Agency prior to their disposition. Section 34171(b) states "Administrative cost allowances shall exclude any ... the costs of maintaining assets prior to disposition." Section 34171(d)(1)(F) further defines an enforceable obligation to include "Contracts or agreements necessary for the administration or operation of the successor agency, in accordance with this part, including ... the costs of maintaining assets prior to disposition." Section 34177.3(b) also states "Successor agencies may create enforceable obligations to conduct the winding down the redevelopment agency, including hiring staff, ..." Managing the disposition of multiple properties that are encumbered by agreements with private entities is clearly contemplated in AB 1484 and requires legal and administrative services, including those of successor agency staff.

Items 20, 21, 39, and 40 relate to legal advisory services for both the Oversight Board and the Successor Agency to help navigate through the myriad of legal issues these bodies face in carrying out their responsibilities in the orderly wind down of the redevelopment agency. Section 34177.3(b) states "Successor agencies may create enforceable obligations to conduct the winding down the redevelopment agency, including ... acquiring necessary professional administrative services and legal counsel, ..." Again, AB 1484 clearly contemplated the necessity to retain specialized services and specifically identified them as an enforceable obligation.

Items 23 - 25 and 41-44 are various funding agreements between the City and the Agency for administrative and construction expenses entered into between the redevelopment agency and the city within two years of the date of creation of the redevelopment agency.

The Agency was formed on August 9, 1971. These loans were lawfully entered into by and between the Former RDA and the City, as a loan to help establish the RDA. On August 9, 1971, the same date that the Former RDA was created, the City also established a Community Redevelopment Agency Administrative Fund to fund administrative expenses and overhead of the RDA. On February 28, 1972, both the City and the Former RDA approved a Funding Agreement which provided that the City would deposit funds into the Community Redevelopment Agency Administrative Fund for use in defraying administrative expenses and overhead costs of RDA. The Agreement provided that any deposits from the City to the RDA shall constitute a loan from the City to the RDA and not a grant, with

repayment to be prescribed by the City Council from funds available to the RDA. Advances and repayments were made as funding became available until July 14, 1986, at which time the City and the RDA set a repayment schedule to begin on July 1, 1991.

The Funding Agreement was amended in 1976 to include Capital Improvement Projects. Furthermore, on July 14, 1986, the City and Agency established a fixed repayment schedule (to commence July 1, 1991), and on December 10, 1990 the repayment schedule was modified and consolidated with the Revolving Loan Agreement between the City and the RDA (the "Revolving Loan Agreement"; ROPS III, line items 25). [City Resolution No. 7226; RDA Resolution No. 344.] As such, these obligations are likewise encompassed within the scope of the original 1972 Funding Agreement.

The Revolving Loan Agreement was for an initial \$815,500 for the purchase of properties in the CBD Project Area (Fashion Plaza). An additional amount of \$3 million was later appropriated to the Revolving Loan in 1986, with repayment of the new total amount of \$3,815,500 to commence on July 1, 1990. After the Revolving Loan Agreement was modified and consolidated with the Administrative Loan, the payments began on July 1, 1991 and are continuing per the repayment schedule (subsequently modified in 2008), providing a final maturity in 2025. Significantly, all such transactions were established pursuant to the 1972 Funding Agreement and are, thus, enforceable obligations pursuant to the provisions of Health & Safety Code Section 34171(d)(2).

The revenue stream flowing to the City was guaranteed by the Agency in 1972 when the Funding Agreement was originally approved, and it has continued over the course of the Agency's existence pursuant to that Agreement.

Item 26 pertains to the 2005 Reimbursement Agreement, whose genesis is a bond issuance undertaken by the West Covina Fashion Plaza Community Facilities District ("CFD"). The CFD issued bonds in 1990 which were secured by property tax increment and other revenues, including City sales tax revenues (the "CFD Bonds"). In 1989 the City and Agency entered into an Agreement Regarding Reimbursement of Sales and Use Taxes and Transfer of Appropriations Limit (the "1989 Reimbursement Agreement") and pursuant to the 1989 Reimbursement Agreement, the Agency reimbursed the City for amounts credited or otherwise pledged to the CFD Bonds.

The CFD Bonds were refunded in 1996 and mature in 2022. The 2005 Reimbursement Agreement was adopted to supplement the 1989 Reimbursement Agreement by continuing the Agency's reimbursement to the City for amounts the City had foregone and applied to the CFD Bonds. Thus, the 2005 Reimbursement Agreement is directly related to the 1990 CFD Bond issuance. The 2005 Reimbursement Agreement satisfies this requirement because it is merely a successor agreement to the 1989 Reimbursement Agreement which had clearly been entered into at the time the CFD Bonds were originally issued. Furthermore, the 2005 Reimbursement Agreement was required because funds which had otherwise been payable to the City had been used as security for the CFD Bonds, themselves, thus justifying repayment of the obligation.

Item 27 addresses the Implementation Agreement to Cooperation Agreement between the City and Agency, dated June 21, 2011 (the "Implementation Agreement"). The Implementation Agreement provides terms for implementing the City and Agency's obligations pursuant a Cooperation Agreement, dated February 15, 2011 (the "Cooperation Agreement"). The Cooperation Agreement and Implementation Agreement (collectively, the "Golf Course Agreements") had been entered into in

furtherance of redeveloping a portion of the BKK Landfill site with a golf course and related facilities (the "Golf Course Project").

Golf Course Agreements encompass the Golf Course Project and the fact that the City and RDA had, at the outset of the Golf Course Project in 2002, engaged in various commitments for redevelopment of the BKK Landfill site which involved the City advancing funds to the Agency, in exchange for reimbursement from tax increment funds, as security and/or payment on bonds used to finance the redevelopment activities. Such activities undertaken pursuant to this City-Agency arrangement have included: acquisition of the BKK Landfill property in 2002; execution of a license agreement with BKK Corporation in 2003 for the Golf Course Project; securing approvals from various State and Federal agencies for environmental clearance; environmental clearance pursuant to CEQA; and related bond issuances and financial transactions necessary for development of the BLD Project and other components relevant to the Golf Course Project.

Under the Purchase and Sale Agreement, the RDA purchased 131 acres specifically for the development of a public municipal golf course, subject to various statutory and regulatory requirements, including closure and post closure plans in accordance with California and Federal Law (Final Closure and Post-Closure Plans approved by Federal EPA, DTSC, CIWMB and California Regional Water Quality Control Board and the City of West Covina Local Enforcement Agency). The Final Closure Plan included the development of the golf course as a means to enable BKK to grade, cap, and provide various mitigation measures as required under the Final Closure Plan and Final EIR.

The RDA still owns that land and retains the obligations per the various agreements. The golf course site is also subject to a May 23, 2003 Habitat Mitigation and Monitoring Plan (HMMP) and a June 5, 2003 Biological Opinion from US Fish and Wildlife and California Fish and Game conserving 24 acres of Coastal Sage Scrub (CSS) Habitat, replanting of 23 acres of CSS Habitat and 1.2 acres of marsh land, and cultivating, growing and planting 95 oak trees and 2,968 black walnut trees on site as part of the development of the golf course. In addition, the RDA is required to hire a biologist and monitor growth and survival rate of CSS habitat and replace as needed. Although the disturbance of CSS habitat has occurred, the obligation to replace habitat, marsh area and trees has not been completed.

On June 15, 2004, the West Covina Public Finance Authority (Joint Powers of City and Agency) approved Resolution No. 18, jointly authorizing the issuance of \$13.5 million Lease Revenue Bonds, 2004 Series A (Golf Course Project) to pay for grading and infrastructure cost of the municipal golf course. Under the Indenture Agreement, the Authority covenanted that use of any Gross Proceeds will not be used to cause interest of bond to become taxable or become a "private activity bond" (Section 141 of the Code and that Tax Regulations). Revenues from the golf course were intended to pay for the Lease Revenue Bonds.

On June 21, 2011, the CWC and RDA reaffirmed their commitment via an Implementation Agreement between the CWC and RDA to develop the golf course at the Sportsplex site. The Golf Course Agreements thus do not "stand alone," but are a component part of the overall redevelopment project intended to redevelop the BKK Landfill.

C. Justification *(Provide additional attachments to this form, as necessary.)*

Item 18 pertains to employee costs related to managing and maintaining properties owned by the Successor Agency prior to their disposition. Section 34171(b) states "Administrative cost allowances shall exclude any ... the costs of maintaining assets prior to disposition." Section 34171(d)(1)(F) further defines an enforceable obligation to include "Contracts or agreements necessary for the administration or operation of the successor agency, in accordance with this part, including ... the costs of maintaining assets prior to disposition." Section 34177.3(b) also states "Successor agencies may create enforceable obligations to conduct the winding down the redevelopment agency, including hiring staff, ..." Managing the disposition of multiple properties that are encumbered by agreements with private entities requires is clearly contemplated in AB 1484 and requires legal and administrative services, including those of successor agency staff.

Items 20, 21, 39, and 40 relate to legal advisory services for both the Oversight Board and the Successor Agency to help navigate through the myriad of legal issues these bodies face in carrying out their responsibilities in the orderly wind down of the redevelopment agency. Section 34177.3(b) states "Successor agencies may create enforceable obligations to conduct the winding down the redevelopment agency, including ... acquiring necessary professional administrative services and legal counsel, ..." Again, AB 1484 clearly contemplated the necessity to retain specialized services and specifically identified them as an enforceable obligation.

Items 23 - 25 and 41 - 44 are various funding agreements between the City and the Agency were previously characterized by DOF on ROPS I and II as "loans from the City for administrative and construction expenses and determined to be unenforceable obligations because they constitute "agreements, contracts, or arrangements" between the City and Agency, and such transactions are disallowed under Health & Safety Code Section 34171(d)(2) However, that same section states "Notwithstanding this paragraph, loan agreements entered into between the redevelopment agency and the city.... within two years of the date of creation of the redevelopment agency, may be deemed to be enforceable obligations." [Health & Safety Code § 34171(d)(2); emphasis added.]

The items addressed are enforceable obligations pursuant to the City-Agency Funding Agreement dated February 28, 1972 ("Funding Agreement"), which provides: (A) that the City may transfer funds to the Agency for various Agency purposes; (B) any such funds "shall constitute a loan from the City to the Agency shall be repaid to the City upon demand...." [Funding Agreement p., §§ 1 and 2.] The Agency was formed on August 9, 1971, so the Funding Agreement was entered into within the two year period of creation described in the above-quoted Section. As such, the Funding Agreement is an enforceable obligation exempt from the provisions described under heading H of the County Counsel Memo.

These items were entered into pursuant to the Funding Agreement and are, therefore, enforceable obligations pursuant to the quoted passage above. Indeed, from the date of its approval, advances and repayments were made pursuant to the Funding Agreement in the normal course between the City and Agency pursuant to the Funding Agreement. The Funding Agreement was amended in 1976 to include Capital Improvement Projects, drawing those items within the scope of the above-quoted provision. Furthermore, on July 14, 1986, the City and Agency established a fixed repayment schedule (to commence July 1, 1991), and on December 10, 1990 the repayment schedule was modified and consolidated with the Revolving Loan Agreement between the City and the RDA (the "Revolving Loan Agreement": ROPS I, line items 23 and 22, respectively). [City Resolution No. 7226; RDA Resolution No. 344.] As such, these obligations are likewise encompassed within the scope of the original 1972 Funding Agreement.

The Revolving Loan Agreement was for an initial \$815,500 for the purchase of properties in the CBD Project Area (Fashion Plaza). [City Resolution No. 7135.] An additional amount of \$3 million was later appropriated to the Revolving Loan in 1986, with repayment of the new total amount of \$3,815,500 to commence on July 1, 1990. [City Resolution No. 7180.] After the Revolving Loan Agreement was modified and consolidated with the Administrative Loan (ROPS I, items 21 and 22), the payments began on July 1, 1991 and are continuing per the repayment schedule (subsequently modified in 2008), providing a final maturity in 2025. Significantly, all such transactions were established pursuant to the 1972 Funding Agreement and are, thus, enforceable obligations pursuant to the provisions of Health & Safety Code Section 34171(d)(2) quoted above.

The history of the items addressed here and their origination with the 1972 Funding Agreement must be taken into account, as well as the revisions to the Funding Agreement (pursuant to the Revolving Loan Agreement or otherwise). Excluding this history would be tantamount to holding that the provision of Health & Safety Code Section 34171(d)(2) exempts "revolving loans" or similar arrangements where funds are lent and repaid routinely over an extended period of years – but nothing in Section 34171(d)(2) or elsewhere in ABx1 26 or AB 1484 provides this.

Analysis of this issue requires consideration of the precise terms used in Section 34171(d)(2) quoted above. This provision speaks specifically of "loan agreements" only, and does not define or limit the scope of this term. Such term, itself, can reflect any number or type of agreement for the lending and repaying of funds, and the Legislature very well may have chose to clarify or limit this term to expressly exclude revolving loans or agreements. The simple fact, however, is that the Legislature did not limit the term "loan agreements," and it would be improper to apply a restrictive interpretation to this provision when nothing in ABx1 26 or AB 1484 provides for it.

Rather, in adopting ABx1 26 and AB 1484, the Legislature expressly announced its intention to honor pledges of revenues associated with the enforceable obligations of redevelopment agencies: "It is the intent of this part that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet that pledge." [Health & Safety Code § 34175(a); emphasis added.]

Interpreting Health & Safety Code Section 34171(d)(2) restrictively would run counter to the legislative framework of AB1x 26 and AB 1484, and would expose the City to serious financial risk. The revenue stream flowing to the City was guaranteed by the Agency in 1972 when the Funding Agreement was originally approved, and it has continued over the course of the Agency's existence pursuant to that Agreement. A contrary position would thwart the Legislature's intent. This position is bolstered by reference to Health & Safety Code Section 34167(a), which provides:

"This part is intended to preserve, to the maximum extent possible, the revenues and assets of redevelopment agencies so that those assets and revenues that are not needed to pay for enforceable obligations may be used by local governments to fund core governmental services including police and fire protection services and schools. ... All provisions of this part shall be construed as broadly as possible to support this intent and to restrict the expenditure of funds to the fullest extent possible." [Health & Safety Code § 34167(a); emphasis added.]

Invalidating the obligations established pursuant to the 1972 Funding Agreement would cause the City to experience a sudden and catastrophic elimination of 75% of its General Fund reserve, which was the source of funding for those loans. This would seriously jeopardize the City's "core governmental services" which Health & Safety Code Section 34167(a) says should be protected "to the maximum extent possible."

Lastly, the effect of the DOF's determination, if upheld, would unconstitutionally impair a contract that has been in effect for almost 40 years. The obligations were regularly submitted on the Agency's annual Statement of Indebtedness, and that the agreements were never disputed or questioned by either the State or County of Los Angeles Auditor-Controller's office. Taking a position that contradicts the implicit approval by the County Auditor-Controller's office by their prior allocation of tax increment funds for these agreements is improper and would create liabilities that ABx1 26 and AB 1484 did not intent to create.

Item 26 concerns the Sales and Use Tax Reimbursement Agreement entered into between the City and Agency on July 1, 2005 (the "2005 Reimbursement Agreement

The genesis of the 2005 Reimbursement Agreement is a bond issuance undertaken by the West Covina Fashion Plaza Community Facilities District ("CFD"). The CFD issued bonds in 1990 which were secured by tax increment and other revenues (the "CFD Bonds"). In 1989 the City and Agency entered into an Agreement Regarding Reimbursement of Sales and Use Taxes and Transfer of Appropriations Limit (the "1989 Reimbursement Agreement") and pursuant to the 1989 Reimbursement Agreement, the Agency reimbursed the City for amounts credited or otherwise pledged to the CFD Bonds.

The CFD Bonds were refunded in 1996 and mature in 2022. The 2005 Reimbursement Agreement was adopted to supplement the 1989 Reimbursement Agreement by continuing the Agency's reimbursement to the City for amounts

the City had foregone and applied to the CFD Bonds. Thus, the 2005 Reimbursement Agreement is directly related to the 1990 CFD Bond issuance.

While Health & Safety Code Section 34171(d)(2) generally disallows loans between cities and redevelopment agencies, that Section goes on to provide that an agreement between a city and its former redevelopment agency is an "enforceable obligation" if: (A) it was entered into at the time of "issuance" of the "indebtedness obligation"; and (B) it was entered into solely for the purpose of securing or repaying such obligation. [Health & Safety Code § 34171(d)(2).] The 2005 Reimbursement Agreement satisfies this requirement because it is merely a successor agreement to the 1989 Reimbursement Agreement which had clearly been entered into at the time the CFD Bonds were originally issued. Furthermore, the 2005 Reimbursement Agreement was required because funds which had otherwise been owed to the City had been used as security for the CFD Bonds, themselves, thus justifying repayment of the obligation.

The 2005 Reimbursement Agreement is precisely the type of enforceable obligation intended to be honored by the Legislature under AB1x 26 and AB 1484: Health & Section 34171(d)(1)(B) defines one type of enforceable obligation as "[l]oans of moneys borrowed by the redevelopment agency for a lawful purpose, to the extent they are legally required to be repaid pursuant to a required repayment schedule or other mandatory loan terms," and the 2005 Agreement falls squarely within this scope.

DOF's prior position that the 2005 Reimbursement Agreement is not an enforceable obligation is wrong, based on the clear language of section 34171(d)(2), which expressly authorizes and recognizes obligations between a city and its redevelopment agency when the written agreements were entered into between the city and agency at the time of issuance of the indebtedness obligation: the 2005 Reimbursement Agreement falls under the umbrella of the 1989 Reimbursement Agreement, which was created at the time of the indebtedness obligation and was indispensable in financing the CFD Bonds (without which, the CFD bonds could not have been issued).

Item 27 addresses the Implementation Agreement to Cooperation Agreement between the City and Agency, dated June 21, 2011 (the "Implementation Agreement"). The Implementation Agreement provides terms for implementing the City and Agency's obligations pursuant a Cooperation Agreement, dated February 15, 2011 (the "Cooperation Agreement"). The Cooperation Agreement and Implementation Agreement (collectively, the "Golf Course Agreements") had been entered into in furtherance of redeveloping a portion of the BKK Landfill site with a golf course and related facilities (the "Golf Course Project").

The City and Agency had, at the outset of the Golf Course Project in 2002, engaged in various commitments for redevelopment of the BKK Landfill site which involved the City advancing funds to the Agency, in exchange for reimbursement from tax increment funds, as security and/or payment on bonds used to finance the redevelopment activities. Such activities undertaken pursuant to this City-Agency arrangement have included: acquisition of the BKK Landfill property in 2002; execution of a license agreement with BKK Corporation in 2003 for the Golf Course Project; securing approvals from various State and Federal agencies for environmental clearance; environmental clearance pursuant to CEQA; and related bond issuances and financial transactions necessary for development of the BLD Project (described previously) and other components relevant to the Golf Course Project.

Under the Purchase and Sale Agreement, the RDA purchased 131 acres specifically for the development of a public municipal golf course, subject to various statutory and regulatory requirements, including closure and post closure plans in accordance with California and Federal Law (Final Closure and Post-Closure Plans approved by Federal EPA, DTSC, CIWMB and California Regional Water Quality Control Board and the City of West Covina Local Enforcement Agency). The Final Closure Plan included the development of the golf course as a means to enable BKK to grade, cap, and provide various mitigation measures as required under the Final Closure Plan and Final EIR.

The RDA still owns that land and retains the obligations per the various agreements. The golf course site is also subject to a May 23, 2003 Habitat Mitigation and Monitoring Plan (HMMP) and a June 5, 2003 Biological Opinion from US Fish and Wildlife and California Fish and Game conserving 24 acres of Coastal Sage Scrub (CSS) Habitat, replanting of 23 acres of CSS Habitat and 1.2 acres of marsh land, and cultivating, growing and planting 95 oak trees and 2,968 black walnut trees on site as part of the development of the golf course. In addition, the RDA is required to hire a biologist and monitor growth and survival rate of CSS habitat and replace as needed.

On June 15, 2004, the West Covina Public Finance Authority (Joint Powers of City and Agency) approved Resolution No. 18, jointly authorizing the issuance of \$13.5 million Lease Revenue Bonds, 2004 Series A (Golf Course Project) to

pay for grading and infrastructure cost of the municipal golf course. Under the Indenture Agreement, the Authority covenanted that use any Gross Proceeds will not be use to cause interest of bond to become taxable or become a "private activity bond" (Section 141 of the Code and that Tax Regulations). Revenues from the golf course were intended to pay for the Lease Revenue Bonds.

On June 21, 2011, the CWC and RDA reaffirmed their commitment via an Implementation Agreement between the CWC and RDA to develop the golf course at the Sportsplex site. The Golf Course Agreements thus do not "stand alone," but are a component part of the overall redevelopment project intended to redevelop the BKK Landfill. The Golf Course Agreements are thus not properly characterized as mere "City-Agency" agreements invalid under Health & Safety Code Section 34178(a), but are instead one aspect of the overall BKK Landfill redevelopment efforts which have involved City funding, Agency reimbursement, bond issuance, and other financial transactions – not just a single City-Agency transaction.

As such, qualification of the Golf Course Agreements as an enforceable obligation under Health & Safety Code Section 34171(d)(2) is proper, since the Agreements are entered into in connection with the indebtedness obligations involved in BKK Landfill activities in order to service such indebtedness obligations. A position to the contrary fails to appreciate the background of the City and Agency's efforts to redevelop the BKK Landfill site and interprets Sections 34178(a) and 34171(d)(2) in an overly-narrow and unreasonable manner.

Moreover, it is critical to note that numerous agreements relating to the Golf Course Project and other redevelopment activities at the BKK Landfill are clearly outside the scope of Health & Safety Code Sections 34178(a) and 34171(d)(2), altogether, since these agreements concern obligations to Federal and State agencies, and are not simply City-Agency agreements. To wit, all agreements with the U.S. EPA, State DTSC, Army Corps of Engineers, U.S. and California Departments of Fish & Game, and other such governmental agencies are clearly enforceable obligations pursuant to Health & Safety Code Section 34171(d)(1)(C), which provides that "[p]ayments required by the federal government, preexisting obligations to the state or obligations imposed by state law" are enforceable obligations.

Furthermore, aside from this provision, such agreements with governmental agencies involved in the BKK Landfill site are enforceable obligations pursuant to Health & Safety Code Sections 34171(d)(1)(E) and 34171(d)(F), which provide, respectively, that "[a]ny legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy," and "[c]ontracts or agreements necessary for the administration or operation of the successor agency" are enforceable obligations.

Similarly, other agreements with third party non-governmental parties (e.g., contractors, engineers, architects, vendors, suppliers, and other parties) are likewise deemed to be enforceable obligations pursuant to Health & Safety Code Section 34171(d)(E).

All such agreements are administered by, and "fall under the umbrella of," the Golf Course Agreements, since the Golf Course Agreements provide the financial mechanism for payment and performance of these agreements. Thus, the Golf Course Agreements must be viewed as part of these third party governmental and non-governmental contracts which are clearly enforceable obligations under ABx1 26 and AB 1484.

Agency Contact Information

Name: Tom Bachman

Name:

Title: Assistant City Manager/Finance Director

Title:

Phone: 626-939-8449

Phone:

Email: thomas.bachman@westcovina.org

Email:

Date: October 18, 2012

Date:

Department of Finance Local Government Unit Use Only

REQUEST TO MEET AND CONFER DATE: APPROVED DENIED

REQUEST APPROVED/DENIED BY: _____ DATE: _____

MEET AND CONFER DATE/TIME/LOCATION: _____

MEET AND CONFER SESSION CONFIRMED: YES DATE CONFIRMED: _____

DENIAL NOTICE PROVIDED: YES DATE AGENCY NOTIFIED: _____

From: Thomas Bachman
Sent: Wednesday, October 24, 2012 11:36 AM
To: 'thao.truong@dof.ca.gov'
Cc: Denise Bates
Subject: Housing Funds DDR
Attachments: AR-M455N_20121024_104625.pdf

Thao,

As requested, attached are the General Ledger Trial Balance, Revenue Summary and Expenditure Summary reports for the Housing Fund for the period of July 1, 2011 through January 31, 2012.

Please let me know if you have any questions or need further information.

Tom Bachman
Assistant City Manager/Finance Director
(626) 939-8449