

RESOLUTION NO. OB-0057

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY APPROVING AND AUTHORIZING THE SALE OF THREE (3) AGENCY PARCELS (APN'S: 8735-002-906, 8735-002-909, 8735-002-910) AND RELATED LICENSE AGREEMENT (APN 8735-002-018) TO THE CITY OF WEST COVINA

WHEREAS, the former West Covina Redevelopment Agency ("Agency") was a community redevelopment agency organized and existing under the California Redevelopment Law; and

WHEREAS, during the Agency's existence, the Agency and the City of West Covina ("City") acquired interests in various parcels from BKK Corporation in the vicinity of the BKK Landfill, some of which were subsequently developed; and

WHEREAS, in August of 2004, to finance the proposed municipal golf course, the City issued \$8,165,000 in Variable Rate Lease Revenue Bonds, Series A and \$5,335,000 of Variable Rate Lease Revenue Bonds, Series B to provide financing for grading and infrastructure related to the municipal golf course. The 2004 Lease Revenue Bonds, Series A and B total \$13,500,000 (collectively "the 2004 Bonds"). While the bonds were issued by the City, it was the intent to have the revenues from the golf course repay the bonds once operational. All work associated with the bonds was done in preparation for the new municipal golf course. To date the outstanding debt on the lease revenue bonds is \$9,790,000 with a maturity date of May 1, 2034; and

WHEREAS, on June 21, 2011, the Agency and City entered into an Implementation Agreement for development of a Golf Course on former redevelopment agency land. The agreement provides that the City is to be reimbursed by the Agency as expenditures are made; and

WHEREAS, the Agency was dissolved effective February 1, 2012, by way of Assembly Bill ("AB") 1x26 (as subsequently amended from time to time, the "Dissolution Law") and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231; and

WHEREAS, the Dissolution Law created a "successor agency" for each dissolved redevelopment agency, and charged them with completing various tasks and obligations geared towards "winding down" the affairs of their respective redevelopment agency; and

WHEREAS, the Dissolution Law created an "Oversight Board" for each successor agency, and charged them with overseeing, reviewing, and approving enumerated successor agency actions; and

WHEREAS, by resolution of the City Council, the City of West Covina serves as the successor agency to the dissolved Agency ("Successor Agency"), and the West Covina

Oversight Board is the statutorily created oversight board of the Successor Agency (“Oversight Board”); and

WHEREAS, the Successor Agency has approved a Long Range Property Management Plan (“LRPMP”) for the properties, identified as APN: 8735-002-906, 8735-002-909, 8735-002-910, City of West Covina, California, and more particularly described in Exhibit A (the “Property”), which has been approved by the West Covina Oversight Board and the Department of Finance. That LRPMP provides for the sale of the Property for fair market value; and

WHEREAS, the Successor Agency has conducted an arms-length, independent appraisal of the Properties, which are located immediately adjacent to the BKK toxic waste site which is currently under monitoring by the Department of Toxic Substance Control and CalRecycle; and

WHEREAS, BKK, the owner and operator of the Landfill, has been in bankruptcy for many years, diminishing the availability of funding to protect and remediate the Properties; and

WHEREAS, the Properties currently may be used only as open space or for a municipal golf course; and

WHEREAS, the Successor Agency has not been allocated funds necessary to offset required costs associated with maintenance of the properties, sale of the properties, repayment of the outstanding bonds, or other expenses which are far in excess of the current fair market value of the property; and

WHEREAS, sale of the properties to the City is in the best interests of all affected parties as it will relieve the Successor Agency and the other taxing entities, as defined in the Dissolution Law, of any further liability or obligations with respect to the properties while providing the City a source for payment of at least some of the costs of maintenance, sale, remediation and bond repayment; and

WHEREAS, the Successor Agency holds an unrecorded license agreement for a portion of the landfill adjacent to the properties being sold (APN 8735-002-018), which should be transferred with the for-sale parcels; and

WHEREAS, the Successor Agency has considered the City’s offer and determined that it complies with the requirements of the Department of Finance and Oversight Board approved Long Range Property Management Plan requiring that the Properties be disposed of at fair market value;

WHEREAS, on January 18, 2018, the Oversight Board unanimously approved a motion to request the City of West Covina/Successor Agency to utilize the proceeds from the sale of the “Property” towards the obligations of the 2004 Bonds; and

WHEREAS, the Successor Agency has determined that the sale of the Property to the City is categorically exempt from review under the California Environmental Quality Act pursuant to 14 California Code of Regulations sections 15312 (sale of surplus property), 15301 (existing facilities), and 15601(b)(3) (common sense general exemption), and no development or use of the Property may be made which is inconsistent with the existing zoning or permitting of the Properties without further environmental review.

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

SECTION 1. The Recitals set forth above are true and correct and are incorporated herein by this reference.

SECTION 2. Based upon the staff presentations and reports, and such other evidence considered by the Oversight Board concerning this matter, the Oversight Board finds and declares that the Properties and related license should be sold to the City of West Covina as-is, and where-is, for one dollar (\$1.00) each, subject to any existing easements, liens, and the 2004 Bonds. These sales proceeds shall be paid over to the Los Angeles County Auditor-Controller for distribution to the affected taxing entities.

SECTION 3. As a condition of the sale to the City, the City shall apply any and all sales proceeds associated with future sale of the Properties and license to pay off or pay down the 2004 Bonds. After payment of the 2004 Bonds in full and reimbursement to the City of all payments made by City on the bonds, principal, interest or costs, any sale proceeds remaining shall be paid over to the Los Angeles County Auditor-Controller for distribution to the affected taxing entities.

SECTION 4. Oversight Board staff is further authorized and directed to take all actions necessary and appropriate in carrying out this Resolution pursuant to Dissolution Law.

SECTION 5. The Oversight Board Secretary shall certify to the adoption of this Resolution, and it shall become effective immediately upon approval.

APPROVED AND ADOPTED at a special meeting held on this 19th day of April 2018.

Carrie A. Sutkin, Chairperson
Oversight Board to the Successor
Agency to the former West Covina
Redevelopment Agency

APPROVED AS TO FORM:

ATTEST:

John Harper, General Counsel
Oversight Board to the Successor Agency
to the former West Covina Redevelopment Agency

Rosalia Butler, Board Secretary
Oversight Board to the Successor
Agency to the former West Covina
Redevelopment Agency

Development Opportunity Sites

Property:	Open Space / Golf Course	Property:	Licensed Area
APN:	8735-002-906, 909, 910	APN:	8735-002-018
Site:	122.07 - Acres	Site:	84.27 - Acres

