

Agency Meeting of
January 24, 2012

Agency Agenda Item 4A
(Companion Item to Council Item 12B)

Honorable Chair and Members
of the Torrance Redevelopment Agency
City Hall
Torrance, California

Members of the Agency:

Subject: Redevelopment Agency – Adopt a Resolution Affirming the Intent to remit excess pledged sales tax revenues from the Redevelopment Agency of the City of Torrance to the City of Torrance

Expenditure: NA

RECOMMENDATION

Recommendation of the Agency Chief Accountant that the Redevelopment Agency adopt a **RESOLUTION** affirming the City's intent to remit excess pledged sales tax revenues from the City's Redevelopment Agency back to the City. (Companion item to Council Item 12B.)

Funding

Not Applicable

BACKGROUND/ANALYSIS

In August 1986, the Industrial Project area of the Redevelopment Agency of the City of Torrance (RDA) issued Tax Allocation bonds in the amount of \$17.86 million. The Industrial Project area has been the home of American Honda's National Headquarters since 1986 and covers over 100+ acres. The proceeds of the bonds were used to repay American Honda a portion of the monies advanced by the developer, \$10 million advanced by the City and to fund needed public works and infrastructure improvements in the project area.

To authorize additional security for the repayment of future bonds, on December 15, 1987, both the City and the RDA subsequently enacted City Council Ordinance 3216 and RDA Ordinance of RA-1 (both adopted December 22, 1987). These ordinances authorized the RDA to impose a sales and use tax "to pay principal and interest, in whole or in part, on bonds issued by the [RDA]."

In September 1989, the 1986 bonds were refunded and the RDA issued Tax Allocation Refunding Bonds Series 1989 in the amount of \$32 million (the "Refunding Bonds"). The 1989 Refunding Bonds provided additional "debt" coverage for bond holders in the form of sales tax generated from the "industrial area." In connection with the issuance of the 1989 Refunding Bonds, the City and the RDA adopted resolutions approving a reimbursement agreement between the RDA and the City, whereby excess RDA sales and use tax not needed to pay or otherwise pledged to secure the bonds would be remitted to the City. (Council and RDA agenda items of August 29, 1989).

In July 1998, the RDA again refunded the 1989 Refunding Bonds and issued Tax Allocation bonds Series B and Series C in the amount of \$12.77 million and \$18.5 million respectively. Once again, the sales and use tax generated by the industrial redevelopment project area provided additional security for the bondholders.

In accordance with the requirements of the bond indentures, any sales tax not needed to cover debt service has been transferred back to the General Fund. Since the 1991-92 fiscal year, the City has been returned a portion or the entire amount of the sales tax pledged to the 1998 bonds. The action being requested tonight is intended to ensure that, once the requirements of the bondholders are satisfied, the sales tax "pledged" continues to return to the City's General Fund.

Respectfully submitted,



Eric E. Tsao
Agency Chief Accountant

CONCUR:



Jeffrey W. Gibson
Deputy Executive Director



John L. Fellows III
Agency Counsel



LeRoy J. Jackson
Executive Director

Attachments:

- A. RESOLUTION
- B. Council agenda item of August 29, 1989

REDEVELOPMENT AGENCY RESOLUTION 2012-____

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE TO REAFFIRM PRIOR ACTIONS REMITTING EXCESS SALES AND USE TAXES TO CITY

WHEREAS, on December 22, 1987, the Redevelopment Agency of the City of Torrance (the Agency) adopted Ordinance RA-1, enacting a sales and use tax to be used in whole or in part to pay principal and interest on bonds issued by the Agency; and

WHEREAS, on December 22, 1987 the City Council of the City of Torrance adopted Ordinance No. 3216 providing for a credit against the payment of taxes in the amount of sales and use taxes due to the Agency; and

WHEREAS, on August 29, 1989, the City Council and the Agency adopted City Council Resolution 89-205 and Agency Resolution RA 89-15 , authorizing execution of An Agreement Regarding Reimbursement of Sales and Use Taxes from the Agency to the City; and

WHEREAS, in 1989, and 1998 the Agency subsequently issued and refunded tax allocation bonds (the Bonds) pledging the Agency's sales and use tax as additional security for the Bonds; and

WHEREAS, it has always been the intent of the City and the Agency that any Agency sales and use tax not needed to cover debt service on the Bonds be remitted to the City and that excess sales and use taxes have regularly been remitted by the Agency to the City; and

WHEREAS, the City and Agency wish to reaffirm existing policies and agreements;

NOW, THEREFORE, BE IT RESOLVED that the Agency reaffirms the above-described policies and agreements that the sole purpose for the Agency's sales and use tax is to be used to pay principal and interest, in whole or in part, on the Bonds, and that at the inclusion of each Bond Year, as that term is defined in the Bonds, any excess be remitted to the City; and

BE IT FURTHER ORDERED that the Executive Director of the Agency is authorized and directed to sign and process all documents and take necessary actions to ensure the continuance of existing policies and agreements.

APPROVED and ADOPTED this 24th day of January, 2012.

Frank Scotto, Chair
Redevelopment Agency of the City of Torrance

ATTEST:

Sue Herbers, Agency Secretary

APPROVED AS TO FORM:

JOHN L. FELLOWS III
AGENCY COUNSEL

By: _____
Patrick Q. Sullivan
Assistant Agency Counsel

August 25, 1989

Council Meeting
August 29, 1989

See Companion
Agency Item 3C

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the City Council:

SUBJECT: Agreement Regarding Reimbursement of Sales and use Tax

ABSTRACT

The Finance Director and the City Treasurer recommend that your Honorable Body adopt a Resolution approving an agreement between the Redevelopment Agency and the City providing for the reimbursement of sales and use taxes generated within the Industrial Redevelopment Project area that are not needed to pay or secure annual debt service on the Industrial Redevelopment Project Tax Allocation Refunding Bonds, Series 1989.

BACKGROUND

At the Council meeting of December 15, 1987 your Honorable Body adopted Ordinance No.3216 amending the City's Sales and Use Tax Ordinance to provide for the dedication of sales tax revenues generated within the Industrial Project's boundaries to the Redevelopment Agency to pay principal and interest on bonds issued by the Agency. The transfer of sales tax was structured in such a manner that allowed the Agency to levy a rate of up to 1%. To the extent that the levy was less than 1%, the State Board of Equalization could be instructed, by way of a Resolution, to remit the difference between the amount levied and the 1% to the City.

ANALYSIS

The structure in place to allow the levy to be revised is administered through the State Board of Equalization and is an excellent vehicle for levy revisions that are expected to be long term (greater than two years). However, on a short term basis the revision to the levy is a very cumbersome process.

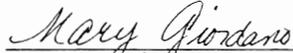
The implementation of a reimbursement agreement between the City and the Agency would permit sales taxes in excess of that needed to make annual debt service to flow back to the City on a dynamic basis. The Agreement would also assist in limiting or eliminating the amount of Agency revenues that are potentially subject to arbitrage tracking under the requirements of the 1986 Tax Reform Act.

2

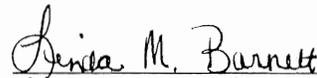
RECOMMENDATION

The Finance Director and the City Treasurer recommend that your Honorable Body adopt a resolution approving an agreement between the Agency and the City providing for the reimbursement of sales and use taxes not needed to pay or secure annual debt service on Agency bonds.

Respectfully submitted,



 Mary K. Giordano
 Finance Director

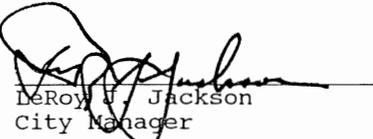
(for) 

 Thomas C. Rupert
 City Treasurer

CONCUR:



 David S. Ferren
 Planning Director



 DeRoy W. Jackson
 City Manager

Attachments: Resolution (available Monday)
 Agreement
 Agenda Item 17B, December 15, 1987

MKG:sbb:233

3.

**AGREEMENT REGARDING REIMBURSEMENT
OF SALES AND USE TAXES**

This Agreement Regarding Reimbursement of Sales and Use Taxes (the "Agreement"), dated as of _____, is entered into by and between the City of Torrance (the "City") and the Redevelopment Agency of the City of Torrance (the "Agency");

WITNESSETH:

WHEREAS, the City has adopted an ordinance (the "City Ordinance") adding Section 220.3.18 to the Torrance Municipal Code, providing for a credit against the payment of taxes due under such Chapter for the amount of sales and use taxes paid to the Agency under Section 7202.6 of the California Revenue and Taxation Code; and

WHEREAS, the Agency has adopted an ordinance (the "Agency Ordinance") enacting a sales and use tax pursuant to Section 7202.6 of the California Revenue and Taxation Code and intends to use the proceeds thereof to pay principal and interest on obligations issued by the Agency within the Industrial Redevelopment Project of the Agency (the "Redevelopment Project"), pursuant to Section 33641 of the California Health and Safety Code; and

WHEREAS, the City and the Agency now desire to provide for the reimbursement of sales and use taxes received by the Agency under the Agency Ordinance to the City to the extent that such sales and use taxes are not needed to pay obligations issued by the Agency secured by a pledge of such sales and use taxes.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the City and the Agency do hereby agree as follows:

Section 1. Reimbursement of Sales and Use Taxes. The Agency hereby agrees to reimburse to the City, each fiscal year, any amounts received by the Agency under the Agency Ordinance (the "Agency Sales and Use Tax Revenues"), which amounts are not needed to pay, or are otherwise pledged to secure the Industrial Redevelopment Project Tax Allocation Refunding Bonds, Series 1989 (the "Refunding Bonds"). In any fiscal year, should the Agency reimburse to the City an amount in excess of the amount to be reimbursed under the preceding sentence, the City shall promptly return the amount of such over reimbursement to the Agency.

The City Finance Director and the City Treasurer shall determine, each fiscal year that the Agency Ordinance is in effect, the amount, if any, to be reimbursed to the City pursuant to the first sentence of this Section 1, taking into account any legal documents which provide for the pledge or payment of any of the Agency Sales and Use Tax Revenues with respect to the Refunding Bonds.

Section 2. Operative Date; Term. This Agreement shall become operative upon execution hereof, and shall remain in effect until the date on which the Agency Ordinance is repealed.

Section 3. Further Assurances. The City and the Agency agree to adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be necessary or desirable to carry out the intention or to facilitate the performance of this Agreement.

4.

Section 4. Amendments. This Agreement may be amended only by means of a written amendment duly executed by the Agency and the City. The Agency and the City hereby agree not to amend this Agreement in any manner which would adversely affect the interests of holders or owners of any Refunding Bonds.

Section 5. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The Agency and the City hereby declare that they would have adopted this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.

IN WITNESS WHEREOF, the City of Torrance and the Redevelopment Agency of the City of Torrance have caused this Agreement to be signed by their respective officers, all as of the date and year first above written.

CITY OF TORRANCE

Katy Geissert
Mayor

Attest: _____
John A. Bramhall
City Clerk

REDEVELOPMENT AGENCY
OF THE CITY OF TORRANCE

LeRoy J. Jackson
Executive Director

Attest: _____
John A. Bramhall
Clerk of the Agency

sbb:233

5.

December 11, 1987

HONORABLE MAYOR AND MEMBERS
OF THE CITY COUNCIL
CITY HALL
TORRANCE, CALIFORNIA

Council Meeting
December 15, 1987

See Companion Agency
Item 3A

Members of the City Council:

SUBJECT: DEDICATION OF SALES TAX GENERATED WITHIN THE
INDUSTRIAL PROJECT BOUNDARIES TO REDEVELOPMENT
AGENCY FOR DEBT SERVICE.

ABSTRACT

The City Manager and the Finance Director are recommending that the City Council adopt an Ordinance amending the City's Sales and Use Tax Ordinance to provide for the dedication of sales tax revenues generated within the Industrial Project Boundaries to the Redevelopment Agency to pay principal and interest on bonds issued by the Agency. Based on a review of the sales tax revenues for fiscal year 1987, the Industrial Project generated approximately \$260,000 in sales tax. The transfer of the sales tax is structured in such a manner as to allow for all or a partial dedication of the sales tax revenues depending on the financing needs of the Agency and the City.

BACKGROUND

In issuing the \$17,860,000 escrow bonds for the Redevelopment Agency Industrial Project, the indenture agreement provided for the dedication of sales tax generated within the project boundaries as a source of revenue, if needed, to effect the releasing of bond proceeds from escrow.

Due to the delay in the build-out of the American Honda Corporation project, it is anticipated that the City will have to dedicate sales tax in fiscal year 88-89, and subsequent years as necessary, in an effort to help ensure that the escrowed bond proceeds are fully released in order that commitments made in the Project area are met. The Ordinance is being brought before the City Council at this time as the State Board of Equalization requires six months for implementation of the change.

The Ordinance amends the City's Sales and Use Tax Ordinance by adding a new section that permits the Redevelopment Agency to levy a sales and use tax by Agency Ordinance. To the extent that the Agency levies such a tax, a credit is made against the sales and use tax payable to the City by the State Board of Equalization and such taxes are paid to the Agency. The Agency can levy up to 1% by resolution and can vary the amount from time to time, also by resolution. To the extent that the levy is less than 1%, the difference between the amount levied and 1% is paid to the City by the State Board of Equalization.

State law requires that the City transfer to the Agency an amount of Gann Appropriation Limit equal to the amount of sales tax transferred to the Agency. Additionally, State law requires that 20% of sales tax revenues transferred must be set aside to promote housing for low and moderate income families within the City's boundaries.

The action to transfer sales tax, if approved, will be validated on behalf of the Agency through judicial proceedings. The filing of the validation is an approximate 90 day effort with a 60 day appeal period and will be filed by bond counsel for the Industrial Project, Stradling, Yocca, Carlson and Rauth for a fee not to exceed \$3,500.

RECOMMENDATION

The City Manager and the Finance Director recommend that the City Council adopt the Ordinance entitled "Amendment to Division 2 of the Municipal Code Sales and Use Taxes" to provide for transfer of sales tax to the Agency for payment of principal and interest on the Industrial Project escrow bonds.

Respectfully submitted,

Mary K. Giordano

Mary K. Giordano
Finance Director

CONCUR:


Leroy J. Jackson
City Manager

MKG:sbb:24

Attachment: Ordinance

ORDINANCE NO. 3216

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TORRANCE, CALIFORNIA, AMENDING DIVISION 2, CHAPTER 20, OF THE MUNICIPAL CODE TO ADD SECTION 220.3.18 PROVIDING FOR A CREDIT AGAINST THE PAYMENT OF TAXES IN THE AMOUNT OF SALES OR USE TAXES DUE TO THE REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE.

WHEREAS, the City Council of the City of Torrance duly passed and adopted on the 29th day of October, 1946, Ordinance No. 379 entitled "An Ordinance Imposing a Sales and Use Tax to be Administered by the State Board of Equalization and Providing Penalties for Violations"; and

WHEREAS, pursuant to said Division 2 of the Municipal Code, the City Council approved the execution of a certain Agreement entitled "Agreement for State Administration of Local Sales and Use Taxes"; and

WHEREAS, the Agreement provides for the collection and distribution of sales and use taxes to the City under Division 2 of the Municipal Code by the State Board of Equalization; and

WHEREAS, the City has operated under said Division 2 of the Municipal Code and said Agreement since 1959, to the present time; and

WHEREAS, in 1981 the State Legislature enacted Section 7202.6 of the Revenue and Taxation Code of the State of California which provides a means by which a redevelopment Agency may impose a Sales and Use Tax within a project area provided that the City Council of the City within which the Redevelopment Project Area is located, enacts a code amendment to provide for a credit against sales and use taxes payable to said City, in an amount due to the Redevelopment Agency under its Ordinance; and

WHEREAS, the City of Torrance has duly activated its Redevelopment Agency pursuant to provisions of Section 33000, et seq., of the Health and Safety Code of California; and

WHEREAS, said Redevelopment Agency may wish to utilize the provisions of said Section 7202.6; and

WHEREAS, it is in the public interest and convenience that Division 2 of the Municipal Code be amended to provide for such credit.

NOW, THEREFORE, the City Council of the City of Torrance, California, does hereby ordain as follows:

SECTION 1:

That the recitals set forth hereinabove are true and correct in all respects.

SECTION 2:

Section 220.3.18 of the Torrance Municipal Code is hereby added in its entirety as follows:

"Section 220.3.18. CREDIT AGAINST TAXES
DUE AND PAYABLE TO
REDEVELOPMENT AGENCY.

In the event that the Redevelopment Agency of the City adopts an ordinance pursuant to the provisions of Section 7202.6 of the Revenue and Taxation Code of California which provides for the levying of a sales and use tax within a project area of the Redevelopment Agency, any retailer or other person required to pay a sales or use tax pursuant to provisions of this Ordinance shall be given a credit against amounts payable under this Ordinance in the amount of sales and/or use taxes payable to the Redevelopment Agency of the City under such ordinance adopted pursuant to the provisions of said Section 7202.6."

SECTION 3:

Effective Date. This Ordinance shall be effective immediately upon its passage.

SECTION 4:

City Clerk's Certification. The City Clerk shall certify to the adoption of this Ordinance and cause the same to be published as required by law and posted at the duly designated posting places within the City of Torrance within fifteen (15) days after its passage.

INTRODUCED AND APPROVED this 15th day of December, 1987.

ADOPTED AND PASSED this 22nd day of December, 1987.

/s/ Katy Geissert
Mayor of the City of Torrance

ATTEST:

/s/ Donald E. Wilson
City Clerk of the City of Torrance

APPROVED AS TO FORM:

STANLEY E. REMELMEYER
CITY ATTORNEY

By _____

9.

TORRANCE CITY COUNCIL ORDINANCE NO. 3216

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF TORRANCE)

I, Donald E. Wilson, City Clerk of the City of Torrance, California, do hereby certify that the foregoing ordinance was duly introduced and approved by the City Council of the City of Torrance at a regular meeting held on the 15th day of December, 1987, and adopted and passed by said Council at a regular meeting held on the 22nd day of December, 1987, by the following roll call vote:

AYES: COUNCILMEMBERS: Applegate, Hardison, Mock, Nakano,
Walker, Wirth and Geissert.

NOES: COUNCILMEMBERS: None.

ABSENT: COUNCILMEMBERS: None.

ABSTAIN: COUNCILMEMBERS: None.

/s/ Donald E. Wilson
City Clerk of the City of Torrance

**CARL WARREN & CO.**

Insurance Adjusters
 Claims Management and Administration
 5500 Atherton Street
 Suite 216
 Long Beach, California 90815
 (213) 596-5539
 (714) 241-9171
 FAX: 213-594-8012

August 8, 1989

Helling & Associates
 4706 Paseo De Las Tortugas
 Torrance, CA 90505

Attn: Hans Helling

RE: Renewal of 1989/90 Contract
 Liability Administration
 City of Torrance

Dear Hans:

Pursuant to our recent conversation of July 31, 1989, we have the following information for you concerning the renewal of the City of Torrance Contract.

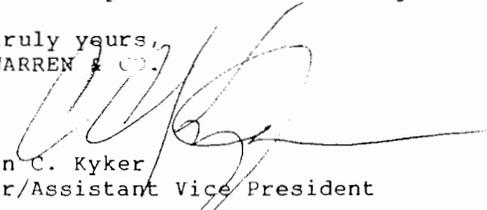
Our "Price quote" for 1989/90 is \$92,196.00. This represents an approximate 4% reduction over last years maximum of \$95,496.00.

The yearly fixed administration fee will remain at \$82,296.00 for the third consecutive year for three hundred claims. We have allowed an additional \$9,900.00 for time and expense work on some of the older lawsuits.

Our hourly rate will be \$34.00 per hour.

The Contract is due to expire the first part of October 1989, and we will again come in under the maximum. I hope this information will be beneficial to you and the City of Torrance. I will be glad to discuss it further with you and supply you any information that you will need to help you in the upcoming renewal. If you have any questions, or need additional information, please feel free to give me a call.

Very truly yours,
 CARL WARREN & CO.


 Clayton C. Kyker
 Manager/Assistant Vice President

CCK:sh

Bakersfield
 (805) 831-1703

Covina
 (818) 915-5861

Fresno
 (209) 233-9500

Glendale
 (Los Angeles Area)
 (213) 245-0800

Long Beach
 (213) 596-5539

San Bernardino
 (714) 824-1660
 (714) 884-8669

San Diego
 (619) 457-3500

San Fernando Valley
 (818) 999-4094

San Luis Obispo
 (805) 544-7963

Santa Ana
 (714) 972-3146

Santa Barbara
 (805) 963-0695

Ventura
 (805) 656-0811
 (805) 658-0855

August 28, 1989

Council Meeting
August 29, 1989

SUPPLEMENTAL MATERIAL
ITEM 17C

Honorable Mayor and
Members of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Agreement Regarding Reimbursement of Sales and Use Tax

Attached is the implementing resolution for the agreement between the
City and the Agency regarding reimbursement of sales and use taxes.

Respectfully submitted,



Mary K. Giordano
Finance Director

CONCUR:


LeRoy J. Jackson
City Manager

MKG:sbb:240

Attachment: Implementing resolution

RESOLUTION NO. 89-205RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF TORRANCE, CALIFORNIA, APPROVING AN
AGREEMENT REGARDING REIMBURSEMENT OF SALES
AND USE TAXES

WHEREAS, the City has adopted an ordinance (the "City Ordinance") adding Section 220.3.18 to the Torrance Municipal Code providing for a credit against the payment of taxes due under such Chapter for the amount of sales and use taxes due to the Agency under Section 7202.6 of the California Revenue and Taxation Code

WHEREAS, the Agency has adopted an ordinance (the "Agency Ordinance") enacting a sales and use tax pursuant to Section 7202.6 of the California Revenue and Taxation Code and intends to use the proceeds thereof to pay principal and interest to the extent required on bonds issued by the Agency pursuant to Section 33641 of the California Health and Safety Code for the Industrial Redevelopment Project of the Agency (the "Redevelopment Project"); and

WHEREAS, the City and the Agency now desire to provide for the reimbursement of sales and use taxes received by the Agency under the Agency Ordinance to the City to the extent that such

sales and use taxes are not needed to pay bonds issued by the Agency secured by a pledge of such sales and use taxes.

WHEREAS, there has been presented to this City Council an agreement entitled "Agreement Regarding Reimbursement of Sales and Use Taxes. (the "Reimbursement Agreement");

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF TORRANCE, CALIFORNIA, THAT the Reimbursement Agreement be approved and the Mayor of the City and the City Clerk are authorized to execute and attest the Reimbursement Agreement on behalf of the City.

INTRODUCED, APPROVED AND ADOPTED this 29th day of August, 1989.

/s/ Katy Geissert
Mayor of the City of Torrance

(SEAL)

ATTEST:

/s/ John A. Bramhall
City Clerk of the City of
Torrance, California

APPROVED AS TO FORM:
Kenneth L. Nelson
City Attorney

By /s/ William G. Quale

08/28/89
6050n/2540/03
08/30/89 mpr/2

TORRANCE CITY COUNCIL RESOLUTION NO 89-205

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF TORRANCE)

I, John A. Bramhall, City Clerk of the City of Torrance, California, do hereby certify that the foregoing resolution was duly introduced, approved and adopted by the City Council of the City of Torrance at a regular meeting of said Council held on the _____ 29th _____ day of _____ August, 1989 _____, by the following roll call vote:

AYES: COUNCILMEMBERS: Applegate, Hardison, Mock
Walker, Wirth, Geissert

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: None

ABSTAIN: COUNCILMEMBERS: Nakano

/s/ John A. Bramhall
City Clerk of the City of Torrance