

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

Members of the Council:

**SUBJECT: City Manager – Authorize agreement and adopt RESOLUTION approving membership with the California Enterprise Development Authority**

### **RECOMMENDATION**

Recommendation of the City Manager that the City Council authorize execution of an Associate Membership Agreement between the City of Torrance and the California Enterprise Development Authority and adopt a **RESOLUTION** approving such membership.

#### Funding

N/A

### **BACKGROUND**

The California Enterprise Development Authority (CEDA) is a joint powers authority (JPA) established by the California Association for Local Economic Development (CALED), of which Torrance is a paying member. The purpose of the CEDA is to issue tax-exempt and taxable conduit revenue bonds to fund commercial and industrial development projects within member jurisdictions. Federal and state laws provide the ability for cities and counties to join together under cooperative agreements to form joint powers authorities to issue tax-exempt and taxable bonds to fund projects that provide a public benefit and serve the needs of residents within the jurisdictions of the participating members. All cities and counties in California have the ability to act as an issuer of conduit revenue bonds, but many jurisdictions utilize joint powers authorities for the cost advantages, to access specialized transaction knowledge and resources, and to avoid using valuable local staff time on these types of transactions.

CEDA is a JPA created by the cities of Selma, Lancaster and Eureka. There are an additional 28 cities and counties who are associate members of CEDA, including the counties of Alameda, Imperial, Riverside, Sacramento, San Bernardino, San Diego, Stanislaus, Sonoma, Ventura and Yolo and the cities of Duarte, Irwindale and Pasadena. CEDA's activities are dedicated to providing economic development assistance to member jurisdictions as an extension of the economic development assistance provided by CALED to its members.

The JPA Agreement permits any other local agency in California to join CEDA as an "Associate Member." CEDA's Board of Directors has requested that the City of Torrance become an Associate Member of CEDA. Associate membership in CEDA will assist the City as well as for-profit and nonprofit organizations located within the City in financing industrial and commercial

development projects and other public purpose projects within the City. CEDA's Associate Members enjoy nearly all the benefits, without the responsibilities or obligations that typically go along with regular membership. Associate Members have ample opportunity to provide input on proposed or existing programs. Further, Associate Members are not restricted or inhibited in any way with respect to their independent ability to finance any project in any manner they deem appropriate, which may or may not involve or include CEDA.

In addition, federal law requires a public hearing before the City Council prior to any bond issuance by CEDA for projects under the City's jurisdiction. If the City Council does not approve the project, CEDA cannot issue bonds.

### **ANALYSIS**

There is no cost to the City to join CEDA and there is no cost if the City elects to support the issuance of bonds by CEDA for a business enterprise located in the City. In addition, bonds that would be issued by CEDA are a special, limited obligation of CEDA payable solely through the borrower's repayment of loan from CEDA which repayment is used to pay the principal of and interest on the bonds. The bonds issued by CEDA are not an obligation of the City or any member of CEDA. Neither the faith or credit, nor the taxing power of the City, any member of the Authority, the State or any political subdivision is pledged to the repayment of the obligations.

It is recommended that the City Council adopt the attached resolution authorizing the execution and delivery of an Associate Membership Agreement, also attached, between the City of Torrance and the California Enterprise Development Authority.

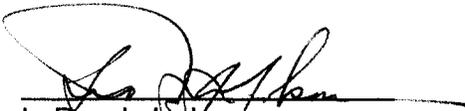
Respectfully submitted,

LeROY J. JACKSON  
CITY MANAGER

By

  
\_\_\_\_\_  
Fran Fulton  
Management Associate

CONCUR:

  
\_\_\_\_\_  
LeRoy J. Jackson  
City Manager

Attachments: A) Resolution  
B) Associate Membership Agreement

## RESOLUTION NO. \_\_\_\_\_

**RESOLUTION APPROVING ASSOCIATE MEMBERSHIP BY THE CITY OF TORRANCE IN THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY AND THE EXECUTION OF AN ASSOCIATE MEMBERSHIP AGREEMENT RELATING TO ASSOCIATE MEMBERSHIP OF THE CITY IN THE AUTHORITY**

**NOW THEREFORE BE IT RESOLVED**, by the City Council (the "City Council") of the City of Torrance (the "City"), as follows:

**WHEREAS**, the City, upon authorization of the City Council, may pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, commencing with Section 6500 (the "JPA Law") enter into a joint exercise of powers agreement with one or more other public agencies pursuant to which such contracting parties may jointly exercise any power common to them; and

**WHEREAS**, the City and other public agencies wish to jointly participate in economic development financing programs for the benefit of businesses and nonprofit entities within their jurisdictions offered by membership in the California Enterprise Development Authority (the "Authority") pursuant to an associate membership agreement and Joint Exercise of Powers Agreement Relating to the California Enterprise Development Authority (the "Agreement"); and

**WHEREAS**, under the JPA Law and the Agreement, the Authority is a public entity separate and apart from the parties to the Agreement and the debts, liabilities and obligations of the Authority will not be the debts, liabilities or obligations of the City or the other members of the Authority; and

**WHEREAS**, the form of associate membership agreement (the "Associate Membership Agreement") between the City and the Authority has been filed with the City, and the members of the City Council, with the aid of the City's staff, have reviewed the Associate Membership Agreement;

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Torrance, hereby finds, determines and declares as follows:

**Section 1. Associate Membership in the Authority.** The City Council hereby approves associate membership by the City in the Authority.

**Section 2. Approval of Associate Membership Agreement.** The City Council hereby approves the form of, and authorizes the Mayor or the City Manager to execute the Associate Membership Agreement and authorizes the City Clerk to attest to such signature, in substantially the form on file with the City Clerk, together with any changes therein deemed advisable by the official signing the Associate Membership Agreement.

**Section 3. Official Action.** The Mayor, the City Manger, the City Clerk and other officers and officials of the City, are hereby authorized and directed to take all actions and do all things necessary or desirable hereunder with respect to associate membership in the Authority including but not limited to the execution and delivery of any and all agreements, certificates instruments and other documents which they, or any of them, may deem necessary or desirable and not inconsistent with the purposes of this resolution.

**Section 4. Effective Date.** This Resolution shall take effect upon its adoption by the City Council.

**NOW THEREFORE BE IT RESOLVED FURTHER,** that the City Clerk of the City of Torrance shall certify the adoption of this resolution, and thenceforth and thereafter the same shall be in full force and effect.

**INTRODUCED, APPROVED AND ADOPTED** this \_\_\_\_ day of June 2010:

\_\_\_\_\_  
Mayor, Frank Scotto

APPROVED AS TO FORM:  
JOHN L. FELLOWS III, City Attorney

ATTEST:

By: \_\_\_\_\_  
Patrick Q. Sullivan, Assistant City Attorney

\_\_\_\_\_  
Sue Herbers,  
City Clerk

**CERTIFICATE OF THE CITY CLERK**

I, Sue Herbers, City Clerk of the City of Torrance, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at the meeting of the City Council of the City of Torrance duly and regularly held in Torrance, California, on \_\_\_\_\_ 2010, of which meeting all of the members of said City Council had due notice.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

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Sue Herbers, City Clerk

**ASSOCIATE MEMBERSHIP AGREEMENT**

by and between the

**CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY**

and the

**CITY OF TORRANCE, CALIFORNIA**

THIS ASSOCIATE MEMBERSHIP AGREEMENT (this "Associate Membership Agreement"), dated as of June 22, 2010 by and between CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY (the "Authority") and the CITY OF TORRANCE, CALIFORNIA, a political subdivision, duly organized and existing under the laws of the State of California (the "City");

**WITNESSETH:**

**WHEREAS**, the Cities of Selma, Lancaster and Eureka (individually, a "Member" and collectively, the "Members"), have entered into a Joint Powers Agreement, dated as of June 1, 2006 (the "Agreement"), establishing the Authority and prescribing its purposes and powers; and

**WHEREAS**, the Agreement designates the Executive Committee of the Board of Directors and the President of the California Association for Local Economic Development as the initial Board of Directors of the Authority; and

**WHEREAS**, the Authority has been formed for the purpose, among others, to assist for profit and nonprofit corporations and other entities to obtain financing for projects and purposes serving the public interest; and

**WHEREAS**, the Agreement permits any other local agency in the State of California to join the Authority as an associate member (an "Associate Member"); and

**WHEREAS**, the City desires to become an Associate Member of the Authority;

**WHEREAS**, City Council has adopted a resolution approving the Associate Membership Agreement and the execution and delivery thereof;

**WHEREAS**, the Board of Directors of the Authority has determined that the City should become an Associate Member of the Authority;

**NOW, THEREFORE**, in consideration of the above premises and of the mutual promises herein contained, the Authority and the City do hereby agree as follows:

**Section 1. Associate Member Status.** The City is hereby made an Associate Member of the Authority for all purposes of the Agreement and the Bylaws of the Authority, the provisions of which are hereby incorporated herein by reference. From and after the date of execution and delivery of this Associate Membership Agreement by the City and the Authority, the City shall be and remain an Associate Member of the Authority.

**Section 2. Restrictions and Rights of Associate Members.** The City shall not have the right, as an Associate Member of the Authority, to vote on any action taken by the Board of Directors or by the Voting Members of the Authority. In addition, no officer, employee or representative of the City shall have any right to become an officer or director of the Authority by virtue of the City being an Associate Member of the Authority.

**Section 3. Effect of Prior Authority Actions.** The City hereby agrees to be subject to and bound by all actions previously taken by the Members and the Board of Directors of the Authority to the same extent as the Members of the Authority are subject to and bound by such actions.

**Section 4. No Obligations of Associate Members.** The debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of the City.

**Section 5. Execution of the Agreement.** Execution of this Associate Membership Agreement and the Agreement shall satisfy the requirements of the Agreement and Article XII of the Bylaws of the Authority for participation by the City in all programs and other undertakings of the Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Associate Membership Agreement to be executed and attested by their proper officers thereunto duly authorized, on the day and year first set forth above.

**CALIFORNIA ENTERPRISE DEVELOPMENT  
AUTHORITY**

By: \_\_\_\_\_  
Wayne Schell, Chair of the  
Board of Directors

Attest:

By \_\_\_\_\_  
Gurbax Sahota, Assistant Secretary

**CITY OF TORRANCE, CALIFORNIA**

By \_\_\_\_\_  
Frank Scotto, Mayor

Attest:

By \_\_\_\_\_  
Sue Herbers, City Clerk

APPROVED AS TO FORM:  
JOHN L. FELLOWS III  
City Attorney

By: \_\_\_\_\_