



Oversight Board Staff Report

DATE: May 08, 2025

TO: Los Angeles County Fifth Supervisorial District Consolidated Oversight Board

FROM: Brad McKinney, City Manager

SUBJECT: Recommendation to Approve Resolution OB-2025-04 Recognizing Outstanding City Loans as Enforceable Obligations Pursuant to Health and Safety Code Section 34191.4(b)

SUMMARY

Staff recommends that the Los Angeles County Fifth Supervisorial District Consolidated Oversight Board approve Resolution OB-2025-04, which recognizes two outstanding loans made by the City of San Dimas to its former Redevelopment Agency as enforceable obligations pursuant to Health and Safety Code Section 34191.4(b). These loans are the Rancho San Dimas Loan and the Creative Planning Loan. The Successor Agency Board of the City of San Dimas approved the loans as having been made for legitimate redevelopment purposes through Resolution No. 2024-88, adopted on December 12, 2024.

A similar Resolution was approved by the Los Angeles County Fifth Supervisorial District Consolidated Oversight Board on January 31, 2025. However, the Department of Finance denied approval, citing the omission of language pertaining to Health and Safety Code 34191.4 (b) as the reason for denial. The Department of Finance recommended adding the Health and Safety Language and obtaining approval of the revised Resolution from the Los Angeles County Fifth Supervisorial District Consolidated Oversight Board so they can reconsider the matter and take the necessary steps to approve the outstanding loans as enforceable obligations.

The approval of the outstanding loans is a necessary step for the San Dimas Successor Agency to move towards a Final ROPS submission as this is the last outstanding item that needs to be addressed with the Department of Finance for a Final ROPS to be submitted to the oversight board.

BACKGROUND

As a result of Assembly Bill x1 26 and subsequent legislation (collectively, the "Dissolution Law"), all redevelopment agencies in California were dissolved effective February 1, 2012. The City of San Dimas elected to serve as the Successor Agency to the San Dimas Redevelopment Agency.

Three long-standing loans—the Walker House loan, Rancho San Dimas Loan and the Creative Planning Loan were originally made by the City to the former Redevelopment Agency to support redevelopment projects.

As part of the wind down process, the Successor Agency approved the loans on two occasions as enforceable obligations but the loans were denied with the last denial letter being received on January 24, 2017. The letter stated that the loans did not contain the proper documentation related to the loans in order to approve and listed a number of items necessary to obtain.

The San Dimas Successor Agency was able to quickly gather the supporting documentation for the Walker House Loan and that loan was approved by the Department of Finance and payouts for that loan have been paid through the ROPS since 2018, leaving the Rancho San Dimas and Creative Planning Loan left to be approved.

Since the denial letter in 2017, staff has been searching for and gathering the supporting required documentation.

DISCUSSION AND ANALYSIS

In order to gather the required documentation, staff had to gather documentation of Journal Entries, Bank Reconciliations, Warrants, Loan Agreements, Staff Reports, Resolutions, Council Minutes and Audited Financial Statements as well as reconciling the transactions that made up the principal balance of the loans onto a single spreadsheet. The documentation that was gathered spanned from the 1970's through the early 2,000's.

Additionally, the Successor Agency contracted with LSL CPA's an Independent Audit Firm to review the documentation and to provide their findings in relation to the documentation and its support against the reasons for denial listed in the Department of Finance January 24, 2017 denial letter. Based on the findings of the Auditors and the documentation gathered the San Dimas Successor Agency Board approved the loans as legitimate on December 12, 2024.

Lastly, the Los Angeles County Fifth Supervisorial District Consolidated Oversight Board Approved Resolution OB-2025-03 on January 31, 2025 approving the outstanding loans and to have them included on our ROPS schedule.

However due to the omission of the full Health and Safety Code Section 34191.4 (b) the submission was denied and was recommended by the Department of Finance that we re-submit a Resolution to the Los Angeles County Fifth Supervisorial District Consolidated Oversight Board with the appropriate code section for approval

Therefore, we are presenting for review and consideration Resolution OB-2025-04, for special meeting May 8, 2025 to approve the following two loans:

\$1,218,307 for the Rancho San Dimas Loan which at the time of dissolution had a remaining principal balance due of \$964,199.96. and \$9,408,970 for the Creative Planning Loan which at the time of dissolution had a remaining principal balance of \$7,736,532.19

RECOMMENDATION

Staff recommends that the Los Angeles County Fifth Supervisorial District Consolidated Oversight Board approve Resolution OB-2025-04, which recognizes two outstanding loans made by the City of San Dimas to its former Redevelopment Agency as enforceable obligations pursuant to Health and Safety Code Section 34191.4(b).

Attachments:

1. Resolution OB-2025-04
2. Supporting Documentation that includes the following:
 - Loan agreements going back to origination to final loan agreement and supporting repayment schedules that were approved by the Redevelopment Agency Board.
 - Reconciliation schedules and Audited Financial Statements that tie to the outstanding principal of the loans.
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 - Financial documentation showing actual cash transferred to the redevelopment agency from the General Fund for the purpose of the loan.
 - Independent Auditors review of documents and findings pertaining to items of documentation necessary to approve the loans per the Department of Finance. Including the finding that the loan outstanding was related to a principal balance only and not accumulated interest.