

13-1458

MOTION

~~ENERGY & ENVIRONMENT~~

Following the Northridge earthquake on January 17, 1994, the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) proposed a Commercial and Industrial Earthquake Recovery Loan Program (CIERLP) designed to enable businesses to quickly repair and reconstruct earthquake damaged commercial buildings.

The City, as the recipient of Earthquake Community Development Block Grant (CDBG) funds, authorized CRA/LA to serve as the project administrator of the CIERLP pursuant to the City's Grant Agreement with the United States Department of Housing and Urban Development (HUD) dated November 4, 1994. On June 16, 1995, CRA/LA and the Community Development Department of the City of Los Angeles, recently renamed as the Economic and Workforce Development Department (EWDD), executed a Memorandum of Understanding (City Contract #: C-92080) through which the City provided \$28.6 million in Earthquake CDBG funds to CRA/LA to implement the CIERLP program.

CRA/LA contracted with AmeriNational Community Services, Inc. (ACS) to manage the CIERLP portfolio. ACS is responsible for invoicing borrowers and remitting collection to CRA/LA-DLA. ACS is compensated \$12.05 per loan on a monthly basis and deducts the fees from the monthly loan collections before remitting the balance of principal and interest to CRA/LA. The repayment of principal from the borrowers constitutes federal program income which must be remitted the City's CDBG Trust Fund and subsequently transferred to EWDD. The unremitted federal program income due to the City is approximately \$1,471,068 which comprises loan collections received from January 1, 2012 through September 30, 2013.

On June 13, 2013, due to the dissolution of the CRA/LA, the Oversight Board of the CRA/LA- DLA and Successor Agency for the CRA/LA, approved the transfer of the CIERLP loan portfolio responsibilities to the EWDD of the City of Los Angeles. Subsequently, on July 26, 2013, the State Department of Finance approved the actions of the Oversight Board. EWDD now requests Council authority to transfer the outstanding CIERLP portfolio together with the authority to collect all payments and revenues due to the City effective July 1, 2013. The City Council should therefore take the necessary action to effectuate the transfer of all outstanding loans/grants with an aggregate balance of approximately \$7,358,094 and subsequently terminate the agreement.

I THEREFORE MOVE that the Council authorize:

- 1) The General Manager of the Economic and Workforce Development Department (EWDD), or designee, relative to the Commercial and Industrial Earthquake Recovery Loan Program (CIERLP), to Negotiate and Execute an assignment agreement with CRA/LA-DLA to effectuate the transfer of all outstanding CIERLP loans/grants and associated collateral to EWDD, subject to approval of the City Attorney as to form and legality;
- 2) The Housing and Community Investment Department to appropriate approximately \$1.4 million in federal program income due to the City into the CDBG Trust Fund and subsequently transfer said funds to EWDD to be used for economic development purposes;
- 3) EWDD to negotiate and execute an agreement with ACS to continue the servicing of the outstanding CIERLP portfolio, subject to approval of the City Attorney as to form and legality; and,
- 4) EWDD to prepare Controller's instructions, with concurrence of the City Administrative Officer (CAO), including any future technical adjustments relative to the intent of this motion, and instruct the Controller to implement these instructions.

I FURTHER MOVE that the Council instruct EWDD to report to Council on the use of any federal program income associated with CIERLP once the transfer has been completed.

PRESENTED BY: 
CURREN D. PRICE, JR.
Councilmember, 9th District

SECONDED BY: 


OCT 29 2013

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