

Agenda Report

MARCH 15, 2010

TO: CITY COUNCIL

THROUGH: ECONOMIC DEVELOPMENT AND TECHNOLOGY
COMMITTEE (March 3, 2010)

FROM: HOUSING DEPARTMENT

SUBJECT: DISSOLUTION OF CALIFORNIA CITIES HOME OWNERSHIP
AUTHORITY ("CCHOA") BY RESCISSION OF THE JOINT
POWERS AGREEMENT MADE ON NOVEMBER 1, 1996

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- (1) Adopt the resolution entitled "A Resolution of the City of Pasadena Authorizing the Rescission and Termination of the Joint Powers Agreement made on November 1, 1996 Creating the California Cities Home Ownership Authority" (the "Resolution"); and
- (2) Authorize the City Manager to execute and the City Clerk to attest any documents as may be necessary to effectuate the Resolution.

ADVISORY BODY RECOMMENDATION:

The staff recommendation was scheduled for consideration by the Community Development Committee ("CDC") at its regular meeting of February 25, 2010. Staff will report orally on the action taken by the CDC.

BACKGROUND:

On November 1, 1996, the City of Pasadena entered into a Joint Powers Agreement with the Cities of Artesia, Bell Gardens, Covina, Compton, Cudahy, Hawaiian Gardens, Huntington Park, Maywood, Monrovia, Rancho Cucamonga, Santa Clarita, and Upland, and the County of San Bernardino (collectively the "member entities"), creating the California Cities Home Ownership Authority ("CCHOA").

CCHOA was formed to operate a lease-to-purchase homeownership program to assist qualified families and individuals to achieve home ownership in the jurisdiction of its member entities throughout Southern California. In 1998 and then in 2001, CCHOA issued bonds (respectively, the "CCHOA-I Bonds" and the "CCHOA-II Bonds") and used the bond proceeds to finance two lease-to-purchase programs (respectively, the "CCHOA-I Program" and the "CCHOA-II Program"). In conjunction with these two programs, CCHOA formed two non-profit corporations: the California Cities Economic Assistance Corporation (the "CCHOA-I Corporation") and the California Cities Home Ownership Corporation (the "CCHOA-II Corporation").

The CCHOA-I Program and the CCHOA-II Programs helped applicants who met pre-established criteria (including minimum credit scores) with the financing of down payments and closing costs. Homes were initially purchased by CCHOA. The fee title of each home was held by the applicable Corporation. The Corporation was also the mortgagee with respect to the related mortgage loans. Even though a program participant would occupy the homes, the participant paid lease payments to the program during a lease period of several years until the participant could assume the related mortgage loans. Overall, during the decade spanning from 1998 through 2008, the two CCHOA programs helped over 200 families in the jurisdictions of CCHOA members achieve home ownership, including five home purchases in Pasadena.

Along with the final maturity of CCHOA-I bonds in 2003 and of the CCHOA-II bonds in 2006, the lease-purchasing activities of both the CCHOA Programs have come to an end. The wind-up of the CCHOA-I Program has been completed. At the direction of the Board of Directors of the CCHOA-I Corporation, the remaining assets of the CCHOA-I Corporation were divided equally among the 14 members of CCHOA and, during the summer of 2008, distributed in the form of a check in the amount of \$19,962.67 to each member.

The Board of CCHOA and CCHOC have also decided to distribute the remaining assets of CCHOC to the members of CCHOA after all remaining expenses and obligations of CCHOA and CCHOC have been paid. It is anticipated that CCHOC will have assets of approximately \$100,000 to distribute. The CCHOA

and CCHOC Boards have approved a distribution formula. The City of Pasadena's share under that distribution formula, in the estimated amount of \$2,702, will be paid after receipt by CCHOA of all Member entities' executed Agreement for Mutual Rescission.

With the conclusion of the activities of both CCHOA Programs and the dissolution of the CCHOA-I and II Corporations, it is no longer necessary to maintain the existence of CCHOA. CCHOA's Joint Powers Agreement provides that CCHOA shall continue to exercise the powers conferred upon it by the Joint Powers Agreement until June 30, 2046, or until all the parties to the Joint Powers Agreement mutually rescind the Joint Powers Agreement.

Pursuant to Resolution No. CCHOA 2009-2, the Board of Directors of CCHOA have determined that it is in the best interest of CCHOA to wind up its business and affairs in the manner provided by law, rescind and terminate the Joint Powers Agreement, and terminate CCHOA's existence. Attached is a copy of an "Agreement of Mutual Rescission," reviewed and approved by the Board of Directors of CCHOA.

COUNCIL POLICY CONSIDERATION:

The City's participation in the CCHOA programs advanced a number of Housing Policies that are set forth in the City's Housing Element, including:

Policy 3.1 -- Seek and establish housing partnerships to aid in the retention and provision of affordable housing opportunities.

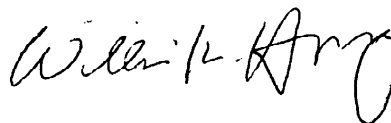
Policy 3.5 -- Expand homeownership opportunities by assisting lower-income renters to become homeowners.

The subject recommendation to terminate CCHOA is consistent with the City's goal to increase organizational effectiveness and efficiency.

FISCAL IMPACT:

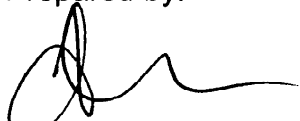
Approval of the subject recommendation and dissolution of the CCHOA will have no direct fiscal impact on the City's General or Housing funds other than the anticipated receipt of its share of the assets under the joint powers authority. The Board of CCHOA and CCHOC have decided to distribute the remaining assets of CCHOC to the members of CCHOA after all remaining expenses and obligations of CCHOA and CCHOC have been paid. It is anticipated that CCHOC will have assets of approximately \$100,000 to distribute. The CCHOA and CCHOC Boards have approved a distribution formula. The City of Pasadena's share under that distribution formula is estimated to be \$2,702 and will be paid after receipt by CCHOA of all Member entities' executed Agreement for Mutual Rescission.

Respectfully submitted,



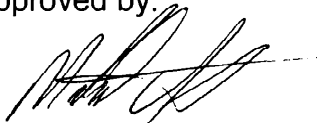
WILLIAM K. HUANG
Housing Director
Housing Department

Prepared by:



James Wong, Senior Project Manager

Approved by:



MICHAEL J. BECK
Chief Executive Officer

RESOLUTION NO. ____

**A RESOLUTION OF THE CITY OF PASADENA
AUTHORIZING THE RESCISSION AND TERMINATION
OF THE JOINT POWERS AGREEMENT MADE ON
NOVEMBER 1, 1996 CREATING THE CALIFORNIA
CITIES HOME OWNERSHIP AUTHORITY**

The City Council of the City of Pasadena does hereby find, resolve, and order as follows:

Section 1. On November 1, 1996, the City of Pasadena entered into a Joint Powers Agreement with the Cities of Artesia, Bell Gardens, Covina, Compton, Cudahy, Hawaiian Gardens, Huntington Park, Maywood, Monrovia, Pasadena, Rancho Cucamonga, Santa Clarita, and Upland, and the County of San Bernardino (collectively the “member entities”), creating the California Cities Home Ownership Authority (“CCHOA”) to assist qualified families and individuals to achieve home ownership in the jurisdiction of the member entities throughout Southern California.

Section 2. In 1998 and then in 2001, CCHOA issued bonds (respectively, the “CCHOA-I Bonds” and the “CCHOA-II Bonds”) and used the bond proceeds to finance two lease-to-purchase programs (respectively, the “CCHOA-I Program” and the “CCHOA-II Program”).

Section 3. In conjunction with these two lease-to-purchase programs, CCHOA formed two non-profit corporations: the California Cities Economic Assistance Corporation (the “CCHOA-I Corporation”) and the California Cities Home Ownership Corporation (the “CCHOA-II Corporation”).

Section 4. Along with the final maturity of CCHOA-I bonds in 2003 and of the CCHOA-II bonds in 2006, the lease-purchasing activities of both of the CCHOA Programs have come to an end.

Section 5. The CCHOA-I Corporation was dissolved in October 2008.

Section 6. The CCHOA-II Corporation is in the process of being dissolved, which process will be completed prior to December 31, 2009 or as soon thereafter as all required steps and actions for dissolution have occurred.

Section 7. With the conclusion of the activities of both CCHOA Programs and the dissolution of the CCHOA-I and CCHOA-II Corporations, it is no longer necessary to maintain the existence of CCHOA.

Section 8. Pursuant to subsection 1 of section 7 of the Joint Powers Agreement, CCHOA shall continue to exercise the powers conferred upon it by the Joint Powers Agreement until June 30, 2046, or until all of the member entities mutually rescind the Joint Powers Agreement.

Section 9. Pursuant to Resolution No. CCHOA 2009-2, the Board of Directors of CCHOA have determined that it is in the best interest of CCHOA to wind up its business and affairs in the manner provided by law, rescind and terminate the Joint Powers Agreement, and terminate CCHOA's existence.

Section 10. The City Council desires to rescind and terminate the Joint Powers Agreement, and terminate CCHOA's existence.

Section 11. A mutual rescission of the Joint Powers Agreement will operate to terminate CCHOA's existence and extinguish the contract between the member entities. Pursuant to Civil Code section 1689(a), the Joint Powers Agreement may be rescinded if all the member entities, as parties to the Joint Powers Agreement, consent.

Section 12. The City Council hereby approves the Agreement of Mutual Rescission, attached hereto as Exhibit A, rescinding the Joint Powers Agreement executed on November 1, 1996 and terminating the existence of CCHOA.

Section 13. The City Council directs the Agreement of Mutual Rescission, attached as Exhibit A, to be executed by the Mayor.

Section 14. The City Clerk shall send an executed duplicate original of the Agreement of Mutual Rescission to the CCHOA's legal counsel for CCHOA's files.

PASSED, APPROVED, and ADOPTED this _____ day of _____, 2010, by the following vote:

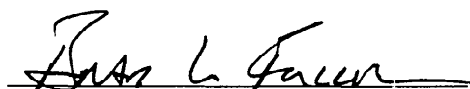
AYES:

NOES:

ABSENT:

MARK JOMSKY, CMC, CITY CLERK

APPROVED AS TO FORM:


Brad L. Fuller, Assistant City Attorney

**AGREEMENT OF MUTUAL RESCISSION
OF THE JOINT POWERS AGREEMENT CREATING
THE CALIFORNIA CITIES HOME OWNERSHIP AUTHORITY**

This Agreement of Mutual Rescission of a Joint Powers Agreement creating the California Cities Home Ownership Authority ("CCHOA"), dated for convenience as December 31, 2009, is made and entered into by and between the public entities organized and existing under the laws of the State of California, hereinafter collectively referred to as "Parties," and individually as "Party," which are signatories to this Agreement.

RECITALS

a. On November 1, 1996, the Parties entered into a Joint Powers Agreement creating CCHOA, a copy of which is attached to this Agreement as Exhibit A.

b. In 1998 and then in 2001, CCHOA issued bonds (respectively, the "CCHOA-I Bonds" and the "CCHOA-II Bonds") and used the bond proceeds to finance two lease-to-purchase programs (respectively, the "CCHOA-I Program" and the "CCHOA-II Program"). In conjunction with these two programs, CCHOA formed two non-profit corporations: the California Cities Economic Assistance Corporation (the "CCHOA-I Corporation") and the California Cities Home Ownership Corporation (the "CCHOA-II Corporation").

c. Along with the final maturity of CCHOA-I Bonds in 2003 and of the CCHOA-II Bonds in 2006, the lease-purchasing activities of both CCHOA Programs have come to an end.

d. At the direction of the CCHOA's Board of Directors, the remaining assets of the CCHOA-I Corporation were divided equally among the 14 members of CCHOA and, during the summer of 2008, distributed in the form of a check in the amount of \$19,962.67 to each member. The CCHOA I Corporation was dissolved in October 2008.

e. At the direction of the member representatives of CCHOA, acting as the Board of Directors of the CCHOA-II Corporation, and a "Closing Agreement as to Final Determination of Tax Liability and Specific Matters" executed by CCHOA and the Internal Revenue Service, the remaining assets of the CCHOA-II Corporation will be distributed to the members of CCHOA after all expenses have been paid in amounts as specified by the Board of CCHOA II Corporation. The member representatives of CCHOA, acting as the Board of Directors of the CCHOA-II Corporation, adopted Resolution CCHOC 2009-1 electing to wind-up and dissolve the CCHOA-II Corporation.

f. No assets of CCHOA will remain upon the distribution of the CCHOA-II Corporation's remaining assets and the dissolution of the CCHOA-II Corporation.

g. Pursuant to subsection 1 of section 7 of the Joint Powers Agreement, CCHOA shall continue to exercise the powers conferred upon it by the Joint Powers Agreement until June 30, 2046, or until all of the Parties mutually rescind the Joint Powers Agreement.

h. The Parties to the Joint Powers Agreement and to this Agreement of mutual rescission desire to rescind the Joint Powers Agreement.

EXHIBIT "A"

IN CONSIDERATION of the promises and acts contained here, the Parties agree with each other as follows:

1. Rescission. The Joint Powers Agreement made on November 1, 1996, is hereby rescinded on the last to occur of the following three dates, hereinafter referred to as the "Rescission Date": (1) December 31, 2009, (2) the date the last member of CCHOA approves, executes, and returns this Agreement to CCHOA, or (3) the date staff distributes the remaining assets of the CCHOA-II Corporation to the members of CCHOA and all documents for the dissolution of the CCHOA-II Corporation are executed by its officers. Upon the Rescission Date, neither Party shall have any further rights or duties under that Joint Powers Agreement.
2. Restoration. Upon distribution of all remaining assets of the CCHOA-I and CCHOA-II Corporations among the members of CCHOA, the Parties acknowledge and agree that no CCHOA assets remain for restoration to the Parties upon rescission of the Joint Powers Agreement.
3. This Agreement is intended to comply with Civil Code section 1689.
4. Counterpart Signature Pages. For convenience the Parties may execute and acknowledge this Agreement in counterparts and when the separate signature pages are attached hereto, shall constitute one and the same complete Agreement.

By the signatures of their authorized officers, the Parties enter into this Agreement.

City of Artesia

City Clerk

Mayor

Approved as to form:

City Attorney

City of Bell Gardens

City Clerk

Mayor

Approved as to form:

City Attorney

[signatures continued]

City of Covina

City Clerk

Mayor

Approved as to form:

City Attorney

City of Compton

City Clerk

Mayor

Approved as to form:

City Attorney

City of Cudahy

City Clerk

Mayor

Approved as to form:

City Attorney

City of Hawaiian Gardens

City Clerk

Mayor

Approved as to form:

City Attorney

[signatures continued]

City of Huntington Park

City Clerk

Approved as to form:

City Attorney

City of Maywood

City Clerk

Approved as to form:

City Attorney

City of Monrovia

City Clerk

Approved as to form:

City Attorney

City of Pasadena

City Clerk

Approved as to form:

City Attorney

Mayor

Mayor

Mayor

Mayor

[signatures continued]

City of Rancho Cucamonga

City Clerk

Mayor

Approved as to form:

City Attorney

San Bernardino County

County Clerk

Board Chairman

Approved as to form:

County Counsel

City of Santa Clarita

City Clerk

Mayor

Approved as to form:

City Attorney

City of Upland

City Clerk

Mayor

Approved as to form:

City Attorney