

OVERSIGHT BOARD

OF THE CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

333 West Ocean Blvd., 3rd Floor, Long Beach, CA 90802 Phone: 562.570.6615 Fax: 562.570.6215

February 2, 2015

OVERSIGHT BOARD MEMBERS

RECOMMENDATION:

Adopt a resolution approving the decision of the Successor Agency to the Redevelopment Agency of the City of Long Beach to approve an agreement exempting the Small Business Administration or its approved lenders from the indemnity obligation contained in the Parking Easement Agreement related to the property at 834 East Fourth Street.

DISCUSSION

Lara Solutions, a woman-owned small business, has purchased and recently renovated Suite D at 834 East 4th Street, a development commonly known as the 4th Street Lofts. As an owner in the 4th Street Lofts, Lara Solutions is a party to a Parking Easement Agreement which benefits the Successor Agency. The Parking Easement Agreement requires the property owners within the 4th Street Lofts, including Lara Solutions, to provide parking for the public. The Parking Easement Agreement provides that each of the 4th Street Lofts property owners indemnify the Successor Agency against any liability resulting from the use of the public parking spaces.

Lara Solutions has applied for a 504 Loan from the U.S. Small Business Administration (SBA) for long-term financing, using the property as security. The SBA requires that any open-ended indemnity in the chain of title on a property to be used as collateral for a 504 Loan must be waived with respect to the SBA and its lenders, as it represents an unfunded liability under the Federal Antideficiency Act. As a result, the SBA has required 504 Loan borrowers to obtain waivers of indemnities.

Lara Solutions owns one of the 41 properties at the 4th Street Lofts, and would remain obligated to indemnify the Successor Agency in accordance with the Parking Easement Agreement for so long as Lara Solutions owns its property. In the event that the SBA or its lender becomes owner of the subject property through a foreclosure or loan work-out, then the SBA or its lender would not be required to indemnify the Successor Agency against potential liability arising from the public parking spaces. The requested action will not affect the indemnity obligations of the remaining property owners at the 4th Street Lofts and their respective successors and assigns.

OVERSIGHT BOARD MEMBERS

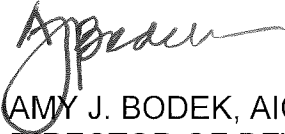
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Given the small risk and the City's desire to encourage economic development, an indemnification exemption is requested.

This matter was approved by the Successor Agency to the Redevelopment Agency of the City of Long Beach on January 20, 2015.

Respectfully submitted,



AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES



PATRICK H. WEST
CITY MANAGER

PHW:AJB:LAF

R:\Successor Agency\OVERSIGHT BOARD\STAFF REPORTS Oversight Board2015\February 2\Indemnity Waiver.doc

Attachment: Resolution

1 RESOLUTION NO. _____
2

3 A RESOLUTION OF THE OVERSIGHT BOARD OF
4 THE CITY OF LONG BEACH AS THE SUCCESSOR
5 AGENCY TO THE REDEVELOPMENT AGENCY OF THE
6 CITY OF LONG BEACH APPROVING THE SUCCESSOR
7 AGENCY'S ACTION TO APPROVE AN AGREEMENT
8 EXEMPTING THE SMALL BUSINESS ADMINISTRATION
9 OR ITS APPROVED LENDERS FROM THE INDEMNITY
10 OBLIGATION CONTAINED IN THE PARKING EASEMENT
11 AGREEMENT RELATED TO THE PROPERTY AT 834
12 EAST FOURTH STREET
13

14 WHEREAS, Lara Solutions, a woman-owned small business, has
15 purchased Suite D at 834 East 4th Street, a development commonly known as the 4th
16 Street Lofts; and

17 WHEREAS, as an owner in the 4th Street Lofts, Lara Solutions is a party to
18 a Parking Easement Agreement which benefits the Successor Agency to the
19 Redevelopment Agency of the City of Long Beach ("Successor Agency"); and

20 WHEREAS, the Parking Easement Agreement requires property owners to
21 provide parking for the public and indemnify the Successor Agency against claims made
22 by the public in connection with the use of the parking lot; and

23 WHEREAS, Lara Solutions has applied for a 504 Loan from the U.S. Small
24 Business Administration ("SBA") which requires borrowers to obtain waivers of
25 indemnities insofar as the indemnities apply to the SBA or its lenders; and

26 WHEREAS, the requested action will not affect the indemnity obligations of
27 the remaining property owners at the 4th Street Lofts;

28 NOW, THEREFORE, the Oversight Board of the City of Long Beach as the

1 Successor Agency to the Redevelopment Agency of the City of Long Beach (“Oversight
2 Board”) resolves as follows:

3 Section 1. Approve the decision of the Successor Agency to the
4 Redevelopment Agency of the City of Long Beach to approve an agreement exempting
5 the Small Business Administration or its approved lenders from the indemnity obligation
6 contained in the Parking Easement Agreement related to the property at 834 East Fourth
7 Street.

8 Section 2. This resolution shall take effect immediately upon its adoption
9 by the Oversight Board, and the City Clerk shall certify the vote adopting this resolution.

10 PASSED, APPROVED, and ADOPTED at a meeting of the Oversight Board
11 of the City of Long Beach as the Successor Agency to the Redevelopment Agency of the
12 City of Long Beach held this 2nd day of February, 2015 by the following vote:

13
14 Ayes:

15
16
17 Noes:

18
19
20 Absent:

21
22
23 _____
Chairperson, Oversight Board

24 APPROVED:

25
26 _____
Secretary, Oversight Board