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May 7, 2012

Todd Vermillion, Analyst  
California Department of Finance  
915 L Street  
Sacramento, California 95814

Re: Loan to Kings County Management and Development Corporation Qualifies under H&S 34181(a)

Dear Mr. Vermillion:

The Lemoore City Manager has requested a legal opinion regarding the purchase of homes and a loan obligation approved by the Lemoore Redevelopment Agency Board (RDA) on June 7, 2011.

On November 5, 2004, the RDA entered into an agreement (Agreement) with the Kings County Management & Development Corporation (KCMD). Per Attachment D, KCMD had the right to purchase, for a nominal fee, up to eight houses provided KCMD removed any houses in the right-of-way for the Highway 198 construction project through Caltrans. The May 25, 2011 staff report to the RDA Board identified two homes within the right-of-way which, depending on Caltrans plans for the 198 interchange, would require one or both homes to be removed. These houses, located at 1315 Stinson and 752 Carmel Drive, were owned by the former Redevelopment Agency, and upon its dissolution, were transferred to the City of Lemoore Housing Authority. KCMD, at the June 7 RDA Board meeting, requested a loan, up to \$250,000, for the removal of the two homes in the right-of-way. The RDA Board approved KCMD's purchase, per Attachment D, of these two homes by KCMD and also approve the loan to relocate the homes out of the right-of-way in order for the Caltrans project to proceed.

Currently, based upon the plans of Caltrans, only one home, located at 752 Carmel Drive has to be removed from the right-of-way. The loan amount is now estimated at \$155,000 which is within the loan approval amount per the action of the RDA Board at the June 7, 2011 meeting. This loan is identified on page 3 of the Lemoore Successor Agency Recognized Obligation Payment Schedule in the original loan amount of \$250,000.

Health & Safety Code section 34181(a) addresses the disposition of assets and properties of the former redevelopment agency. The disposition of homes, as described above, in the right-of-way by purchase and relocation, including the use of a loan to facilitate the relocation, is based upon agreements, such as the KCMD agreement, entered into as binding contracts years before ABX1 26. Disposing of the housing asset by removal from the Caltrans project right-of-way, facilitated by the loan approved on June 7, 2011, is an appropriate asset disposition under 34181(a).

*A Professional Corporation*

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Accordingly, my legal opinion is that the sale and loan approved, as described above, is an appropriate asset transaction within the broad statutory authority under 34181(a).

Sincerely,

LOZANO SMITH

A handwritten signature in black ink, appearing to read "Jerome M. Behrens". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke at the end.

Jerome M. Behrens

JMB/sr/kjo