

OVERSIGHT BOARD RESOLUTION NO. 14-05-27-02

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SAN JUAN CAPISTRANO COMMUNITY REDEVELOPMENT AGENCY APPROVING REPAYMENT OF CERTAIN EXISTING LOANS TO THE CITY OF SAN JUAN CAPISTRANO AND FINDING THE EXISTING LOANS WERE FOR LEGITIMATE REDEVELOPMENT PURPOSES PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.4(b) AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, the former San Juan Capistrano Community Redevelopment Agency ("Agency") was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of San Juan Capistrano ("City"); and,

WHEREAS, Assembly Bill 1x 26, chaptered and effective on June 28, 2011 ("AB1x 26"), added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 ("AB 1484"), chaptered and effective on June 27, 2012 (together, the "Dissolution Act"); and,

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Act and the City Council serves as the governing board of the Successor Agency to the San Juan Capistrano Community Redevelopment Agency ("Successor Agency"); and,

WHEREAS, the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and,

WHEREAS, on January 20, 1998, the City made a loan to the Agency pursuant to the SIX MILLION DOLLAR CITY OF SAN JUAN CAPISTRANO COMMUNITY REDEVELOPMENT AGENCY BOND ANTICIPATION NOTE in the principal amount of \$6,000,000, as amended by that certain FIRST AMENDMENT TO THE SIX MILLION DOLLAR CITY OF SAN JUAN CAPISTRANO COMMUNITY REDEVELOPMENT AGENCY REDEVELOPMENT BOND ANTICIPATION NOTE dated July 1, 1990 in the total principal amount of \$9,540,378 for the purpose of providing cash to the Agency to implement redevelopment projects ("Loan #1"); and,

WHEREAS, the outstanding principal balance of Loan #1, as of March 31, 2014, is \$1,627,699; and,

WHEREAS, on October 6, 1998, the City made a loan to the Agency pursuant to a City/Agency Loan Agreement in the principal amount of \$400,000 for purposes of acquiring certain property to be used for redevelopment purposes ("Loan #2"); and,

SD

WHEREAS, the outstanding principal balance of Loan #2, as of March 31, 2014, is \$400,000; and,

WHEREAS, on June 15, 2004, the City made a loan to the Agency pursuant to a COOPERATION AND REPAYMENT AGREEMENT the principal amount for which was modified from time to time for the purpose of carrying out redevelopment activities ("Loan #3"); and,

WHEREAS, the outstanding principal balance of Loan #3, as of March 31, 2014, is \$1,515,000; and,

WHEREAS, Loan #1, Loan #2, and Loan #3 are referred to collectively herein as the "City Loans"; and,

WHEREAS, AB 1484, enacted in 2012, amended the Dissolution Act and allowed reinstatement of loans between the City and Agency, such as the City Loans, under certain conditions; and,

WHEREAS, pursuant to Health and Safety Code Section 34191.4(b), the City Loans may be considered enforceable obligations; provided that the following conditions are satisfied: (1) the Department of Finance ("DOF") must have issued a Finding of Completion to the Successor Agency; (2) the Oversight Board must find that the City Loans were made for legitimate redevelopment purposes and must approve repayment of the City Loans as enforceable obligations in the Recognized Obligation Payment Schedule ("ROPS"); and (3) the Oversight Board's action is subject to review and approval by the DOF; and,

WHEREAS, the DOF issued the Finding of Completion to the Successor Agency on November 8, 2013; and,

WHEREAS, after reinstatement of the City Loans pursuant to Health and Safety Code Section 34191.4(b), AB 1484 restricts the repayment of the City Loans as follows: (a) accumulated interest on the City Loans shall be recalculated from the date of loan origination at the LAIF rate, which supersedes the interest rate established in the agreements and resolutions establishing the City Loans; (b) repayment of the City Loans to the City cannot begin until Fiscal Year 2014-15 (unless earlier repayment, no sooner than 2013-14, is approved by DOF) and such payments are to be made according to a defined schedule over a "reasonable term of years"; (c) the maximum annual repayment to the City is limited to one-half of the difference between the residual amounts from the Redevelopment Property Tax Trust Fund ("RPTTF") distributed to the taxing entities in the fiscal year the payment is requested and the residual amount distributed to taxing entities in Fiscal Year 2012-13; and (d) twenty percent (20%) of all repayments received by the City shall be deducted and placed in the Low and Moderate Income Housing Asset Fund maintained by the housing successor, which is the City of San Juan Capistrano.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SAN JUAN CAPISTRANO COMMUNITY REDEVELOPMENT AGENCY:

Section 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution.

Section 2. The Oversight Board hereby finds and determines, based on all the evidence in the record before it, that the City Loans were validly entered into in accordance with the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, including without limitation Health and Safety Code Sections 33132, 33220, former Section 33401, and Sections 33445 and 33600, for valid redevelopment purposes, and that the City Loans were therefore made for legitimate redevelopment purposes.

Section 3. The Oversight Board hereby finds and determines, based on all the evidence in the record before it, that the City Loans are enforceable obligations.

Section 4. The Oversight Board hereby finds and determines, based on all the evidence in the record before it, that the Successor Agency shall repay the City Loans to the City in accordance with a defined payment schedule to be determined upon the availability of actual information regarding the amount of Redevelopment Property Tax Trust Fund moneys available for payment to the taxing entities in fiscal year 2013-14 and such defined payment schedule shall be subject to approval by the Oversight Board and DOF, and shall be subject to revision as the amount of RPTTF available for distribution to taxing entities (and therefore available for payment of the City Loans) changes in future years, all as approved by the Oversight Board and DOF. Interest on the unpaid balance of the City Loans shall be recalculated from the date of origination of each of the City Loans and thereafter shall be set at the LAIF rate in effect as of the quarter in which the Oversight Board approves the reinstatement of the City Loans.

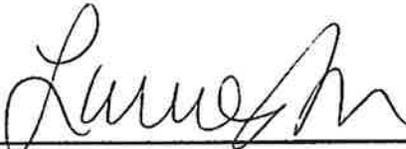
Section 5. The Oversight Board hereby directs the Successor Agency to include repayment of the City Loans on the ROPS 14-15B, to be prepared by the Successor Agency and approved by the Oversight Board, and to take all actions necessary and appropriate to accomplish the repayment of the City Loans to the City, including without limitation including the City Loans on each ROPS until the City Loans, including interest at the LAIF rate, are repaid to the City in full (including all required deposits into the Low and Moderate Income Housing Asset Fund held by the City of San Juan Capistrano, as provided by Health and Safety Code Section 34191.4(b)(2)(C)).

Section 6. In the event insufficient RPTTF moneys are available to make a complete payment on the City Loans as reflected in a ROPS, the unpaid amount shall continue to accrue interest and shall either be paid from excess available RPTTF moneys in future ROPS periods or the payment schedule for the City Loans shall be extended to provide for payment of such unpaid amounts, in the option of the City. In such event, the payment schedule shall be modified to reflect the method of repayment of such unpaid amounts.

Section 7. The Chair and Secretary of the Oversight Board shall sign the passage and adoption of this Resolution and thereupon the same shall take effect and be in force.

Section 8. The Successor Agency is hereby directed to transmit this Resolution and the accompanying staff report and all exhibits thereto, each of which is incorporated herein, to the DOF pursuant to Health and Safety Code Sections 34179(h).

APPROVED AND ADOPTED this 27th day of May 2014.



Laura S. Freese, Chair

(SEAL)

ATTEST:

 deputy

Maria Morris, Secretary

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF SAN JUAN CAPISTRANO)

I, MARIA MORRIS, appointed Oversight Board Secretary of the Oversight Board to the Successor Agency of the San Juan Capistrano Community Redevelopment Agency, do hereby certify that the foregoing **Oversight Resolution 14-05-27-02** was duly adopted by the Board Members of the Oversight Board to the Successor Agency of the San Juan Capistrano Community Redevelopment Agency at the regular meeting thereof, held the 27th day of May, 2014, by the following vote:

AYES: BOARD MEMBERS: McCord, Tatarian, Thomas, Kerr and Chair Freese
NOES BOARD MEMBERS: None
ABSENT: BOARD MEMBERS: Doll and Hampton


Deputy

MARIA MORRIS, OVERSIGHT BOARD SECRETARY

DEFINED PAYMENT SCHEDULE

The Successor Agency shall make payments to the City during each Recognized Obligation Payment Schedule period beginning in the period from January 1, 2015 through June 30, 2015 (ROPS 14-15B) until each of the City Loans are repaid, as follows:

	<u>Loan #1⁽¹⁾</u>	<u>Loan #2</u>	<u>Loan #3</u>	<u>Total</u>
Outstanding Principal as of March 31, 2014	\$1,627,699	\$400,000	\$1,515,000	\$3,542,699
Accrued, Unpaid Interest as of March 31, 2014	11,217	54,997	162,022	228,236
Amount Due as of March 31, 2014	\$1,638,916	\$454,997	\$1,677,022	\$3,770,935
Estimated Interest Through Payoff	11,084	2,503	7,978	21,565
Total Estimated Amount Due	\$1,650,000	\$457,500	\$1,685,000	\$3,792,500
April 1, 2015	\$150,000	\$50,000	\$175,000	\$375,000
October 1, 2015	\$150,000	\$50,000	\$175,000	\$375,000
April 1, 2016	\$150,000	\$50,000	\$175,000	\$375,000
October 1, 2016	\$150,000	\$50,000	\$175,000	\$375,000
April 1, 2017	\$150,000	\$50,000	\$175,000	\$375,000
October 1, 2017	\$150,000	\$50,000	\$175,000	\$375,000
April 1, 2018	\$150,000	\$50,000	\$175,000	\$375,000
October 1, 2018	\$150,000	\$50,000	\$175,000	\$375,000
April 1, 2019	\$150,000	\$50,000	\$175,000	\$375,000
October 1, 2019	\$150,000	\$7,500	\$110,000	\$265,000
April 1, 2020	\$150,000			\$150,000
Total Estimated Payments	\$1,650,000	\$457,500	\$1,685,000	\$3,792,500

⁽¹⁾ The original principal amount outstanding was \$2,000,000; however, the recalculation of interest resulted in \$372,301 of previous payments being applied to principal.

The foregoing instrument is a correct copy of the original on file in my office. Attest: 5/28 2014
 City Clerk of the City of San Juan Capistrano, County of Orange,
 State of California.
 By: [Signature] Deputy

Exhibit A