

SUCCESSOR AGENCY RESOLUTION NO. 14-05-06-02

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE SAN JUAN, CAPISTRANO, CALIFORNIA 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**, AB 1484 added Health and Safety Code Section 34191.4 to the Dissolution Act, which allows reinstatement of loans between the City and Agency, under certain conditions; and,

**WHEREAS**, pursuant to Health and Safety Code Section 34191.4(b), loan agreements entered into between the Agency and the City 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 loans were made for legitimate redevelopment purposes and must approve repayment of the 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**, the City and Successor Agency desire to reinstate certain loans previously made by the City to the Agency, as described in more detail below, which loans are defined below as the “City Loans”; 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 interest rate earned by funds deposited into the Local Agency Investment Fund (“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 San Juan Capistrano Housing Authority.

**WHEREAS**, on January 20, 1988, 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 the total outstanding amount owing on Loan #1, including accrued interest at the LAIF Rate, recalculated from origination, is \$1,638,916; 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,

**WHEREAS**, the outstanding principal balance of Loan #2, as of March 31, 2014, is \$400,000 and the total outstanding amount owing on Loan #2, including accrued interest at the LAIF Rate, recalculated from origination, is \$454,997; 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 the total outstanding amount owing on Loan #3, including accrued interest at the LAIF Rate, recalculated from origination, is \$1,677,022; and,

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

**NOW, THEREFORE, BE IT RESOLVED BY 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 Successor Agency 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 Successor Agency hereby finds and determines, based on all the evidence in the record before it, that the City Loans are enforceable obligations.

**Section 4.** The Successor Agency hereby approves the reinstatement of the City Loans, the recalculation of interest on the City Loans at the LAIF Rate and the repayment of the City Loans to the City in accordance with the defined payment schedule attached hereto as Exhibit A and incorporated herein ("Defined Payment Schedule"). The Successor Agency Executive Director is hereby authorized and directed to update the Defined Payment Schedule from time to time, as appropriate, to reflect the actual amount of Redevelopment Property Tax Trust Fund ("RPTTF") moneys available for payment to the taxing entities (and therefore available for payment of the City Loans) in each fiscal year following reinstatement of the City Loans pursuant to this Agreement, and to submit such updated and revised Defined Payment Schedule(s) to the Oversight Board for approval. The Defined Payment Schedule reflects the recalculation of interest on the unpaid balance of the City Loans from the date of origination of each of the City Loans and thereafter at the LAIF Rate.

**Section 5.** The Successor Agency hereby directs the Successor Agency Executive Director to include repayment of the City Loans on the ROPS 14-15B and to take all actions necessary and appropriate to accomplish the repayment of the City Loans to the City, including without limitation 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 San Juan Capistrano Housing Authority, 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 Defined 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 Defined Payment Schedule shall be modified to reflect the method of repayment of such unpaid amounts.

**Section 7.** The Chair and Secretary of the Successor Agency 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 Executive Director is hereby directed to transmit this Resolution and the accompanying staff report and all exhibits thereto, each of which is incorporated herein, to the Oversight Board for approval pursuant to Health and Safety Code Section 34191.4(b) and, upon receiving Oversight Board approval thereof, to the DOF pursuant to Health and Safety Code Section 34179(h).

**APPROVED AND ADOPTED** this 6<sup>th</sup> day of May 2014.

  
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Larry Kramer, Chair  
Successor Agency to the San Juan Capistrano  
Community Redevelopment Agency

(SEAL)

ATTEST:

  
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Maria Morris, Secretary  
Successor Agency to the San Juan Capistrano  
Community Redevelopment Agency

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

I, MARIA MORRIS, appointed Agency Secretary of the Board of Directors of the Successor Agency to the San Juan Capistrano Community Redevelopment Agency, do hereby certify that the foregoing **Resolution No. SACRA 14-05-06-02** was duly adopted by the City Council of the City of San Juan Capistrano at a Regular meeting thereof, held the 6<sup>th</sup> day of May 2014, by the following vote:

AYES: BOARD MEMBERS: Allevato, Reeve, Taylor, Byrnes and Chair Kramer  
NOES: BOARD MEMBERS: None  
ABSENT: BOARD MEMBERS: None

  
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MARIA MORRIS, Agency Secretary

EXHIBIT A

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<sup>(1)</sup></u>	<u>Loan #2</u>	<u>Loan #3</u>
Outstanding Principal as of March 31, 2014	\$1,627,699.00	\$400,000.00	\$1,515,000.00
Accrued, Unpaid Interest as of March 31, 2014	11,217.00	54,997.00	162,022.00
Amount Due as of March 31, 2014	\$1,638,916.00	\$454,997.00	\$1,677,022.00
Estimated Interest Through Payoff	11,084.00	2,503.00	7,978.00
Total Estimated Amount Due	<u>\$1,650,000.00</u>	<u>\$457,500.00</u>	<u>\$1,685,000.00</u>
April 1, 2015	\$150,000.00	\$50,000.00	\$175,000.00
October 1, 2015	\$150,000.00	\$50,000.00	\$175,000.00
April 1, 2016	\$150,000.00	\$50,000.00	\$175,000.00
October 1, 2016	\$150,000.00	\$50,000.00	\$175,000.00
April 1, 2017	\$150,000.00	\$50,000.00	\$175,000.00
October 1, 2017	\$150,000.00	\$50,000.00	\$175,000.00
April 1, 2018	\$150,000.00	\$50,000.00	\$175,000.00
October 1, 2018	\$150,000.00	\$50,000.00	\$175,000.00
April 1, 2019	\$150,000.00	\$50,000.00	\$175,000.00
October 1, 2019	\$150,000.00	\$7,500.00	\$110,000.00
April 1, 2020	\$150,000.00		
Total Estimated Payments	<u>\$1,650,000.00</u>	<u>\$457,500.00</u>	<u>\$1,685,000.00</u>

(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.