

OVERSIGHT BOARD RESOLUTION NO. 12-05-02-01

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE SAN JUAN CAPISTRANO REDEVELOPMENT AGENCY, APPROVING THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FROM FEBRUARY 1, 2012 TO JUNE 30, 2012, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(j) AND AUTHORIZING THE SUCCESSOR AGENCY TO ENTER INTO AN AGREEMENT WITH THE CITY OF SAN JUAN CAPISTRANO FOR ADMINISTRATIVE SUPPORT PURSUANT TO HEALTH AND SAFETY CODE SECTION 34171.

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

**WHEREAS**, Assembly Bill X1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which laws cause the dissolution and wind down of all redevelopment agencies (the "Dissolution Act"); and

**WHEREAS**, the Agency is now a dissolved redevelopment agency pursuant to the Dissolution Act; and

**WHEREAS**, by Resolution No. 12-01-10-01 approved by the City Council at an open meeting on January 10, 2012, the City chose to become and serve as the successor agency to the dissolved Agency under the Dissolution Act; and

**WHEREAS**, as of and on and after February 1, 2012, the City serves and acts as the "Successor Agency" and will perform its functions as the successor agency under the Dissolution Act to administer all enforceable obligations of the Agency and otherwise unwind the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board") and;

**WHEREAS**, pursuant to Health and Safety Code Section 34179 the Successor Agency's Oversight Board has been formed and the initial meeting has occurred on April 9, 2012; and

**WHEREAS**, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

**WHEREAS**, Health and Safety Code Section 34177(j) requires the Successor Agency to prepare a proposed Administrative Budget covering the period from February 1, 2012 through June 30, 2012, and submit it to the Oversight Board for approval; and

**WHEREAS**, pursuant to Section 34177(j), the Successor Agency's "Administrative Budget" is to include all of the following: (a) estimated amounts of the Successor Agency's administrative costs for the upcoming six month fiscal period; (b) the proposed sources of payment for the costs identified in (a); and (c) proposals for arrangements for administrative and operations services provided by the City as Successor Agency; and

**WHEREAS**, the Successor Agency's proposed Administrative Budget has been submitted to the Oversight Board for its review and approval; and

**WHEREAS**, the Administrative Budget, as approved by the Oversight Board, will be provided to the County of Orange Auditor-Controller pursuant to Health and Safety Code Section 34177(k) so that the Successor Agency's estimated administrative costs in the approved Administrative Budget will be paid from property tax revenues deposited into the Redevelopment Property Tax Trust Fund for the upcoming six-month period; and

**WHEREAS**, pursuant to Section 34180(h) the Successor Agency may request authorization from the Oversight Board for the Successor Agency and the City of San Juan Capistrano to enter into an agreement to ensure provision of the necessary services from the City to support Successor Agency responsibilities in winding down the activities of the former Agency, including the estimated costs set forth in the Administrative Budget; and

**WHEREAS**, the Successor Agency desires to enter into that certain "Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan" ("Costs Reimbursement Agreement"), which agreement will authorize the reimbursement of costs incurred by the City to support Successor Agency operations and obligations; and

**WHEREAS**, the Oversight Board desires to approve the Successor Agency's proposed Administrative Budget and to authorize the Successor Agency to enter into the "Costs Reimbursement Agreement"; and

**WHEREAS**, pursuant to the Dissolution Act, the actions of the Oversight Board, including those approved by this Resolution, do not become effective for three (3) business days pending any request for review by the State Department of Finance (DOF), and if the DOF requests review hereof, DOF will have 10 days from the date of its request to approve this Oversight Board action or return it to the Oversight Board for reconsideration and the action, if subject to review by DOF, will not be effective until approved by DOF.

**NOW THEREFORE, BE IT RESOLVED**, that the Oversight Board to the Successor Agency of the San Juan Capistrano Community Redevelopment Agency, does hereby resolve as follows:

**Section 1.** The foregoing Recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

**Section 2.** Pursuant to CRL Section 34177(j), the Oversight Board approves the Successor Agency's proposed Administrative Budget, attached hereto as Exhibit A and incorporated by this reference.

**Section 3.** Pursuant to the Dissolution Act, the Oversight Board authorizes the Successor Agency to enter into the Cost Reimbursement Agreement substantially in the form of the Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan, attached hereto as Exhibit B and incorporated by this reference.

**Section 4.** The Oversight Board authorizes the Successor Agency to transmit the Administrative Budget and Cost Reimbursement Agreement, when approved and entered into between the Successor Agency and the City, to the County of Orange Auditor-Controller, the California State Department of Finance, and the State Controller's Office.

**Section 5.** The City Manager or her authorized designees are directed to post the Administrative Budget and Cost Reimbursement Agreement (when entered into) on the City/Successor Agency website.

**Section 6.** The Oversight Board Secretary shall certify to the adoption of this Resolution.

**PASSED, APPROVED and ADOPTED** this 2<sup>nd</sup> day of May 2012.

  
\_\_\_\_\_  
Laura Freese, Chair

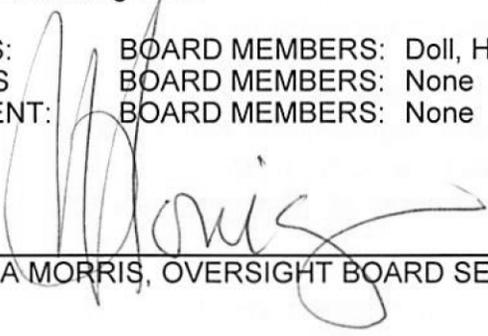
**ATTEST:**

  
\_\_\_\_\_  
Maria Morris, Oversight Board 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 12-05-02-01** was duly adopted by the Board Members of the Oversight Board to the Successor Agency of the San Juan Capistrano Community Redevelopment Agency at a special meeting thereof, held the 2<sup>nd</sup> day of May, 2012, by the following vote:

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

  
\_\_\_\_\_  
MARIA MORRIS, OVERSIGHT BOARD SECRETARY

**SUCCESSOR AGENCY ADMINISTRATIVE BUDGET**

February 1, 2012 to June 30, 2012

<b>Expenditure Category</b>	<b>Description</b>	<b>Amount</b>
Salaries and benefits	Successor Agency share of City employee's salaries and benefits	\$106,154
Facility charges	Successor Agency share of City's overhead costs for office space	19,476
Vehicle fleet charges	Successor Agency share of City's overhead costs for vehicles	6,457
Insurance charges	Successor Agency share of City's overhead costs for insurance	26,284
IT/communication charges	Successor Agency share of City's overhead costs for computers and phones	19,956
Materials and supplies	Successor Agency share of various supplies	292
Utilities	Successor Agency share of electricity, gas, and water costs	1,592
Training	Participation by the CFO and Accounting Manager at the Successor Agency training in March 2012 sponsored by the California Redevelopment Association (includes mileage reimbursement)	662
<b>Sub-total - Administrative Allowance (1)(2)</b>		<b>\$180,873</b>
Legal services (3)	Contract for legal services	31,975
<b>Total Administrative Expenses</b>		<b>\$212,848</b>

(1) For Fiscal Year 2011-12, the City, as the Successor Agency, is entitled to receive up to 5% of the portion of its former tax increment payable, but not less than \$250,000, to meet the administrative expenses of serving as the Successor Agency.

(2) Administrative costs for salaries and benefits and overhead costs are identified on Page 5, Lines 6 and 7 of the Successor Agency's Recognized Obligation Payment Schedule (ROPS).

(3) Legal services are identified on Page 5, Lines 14 and 15 of the Successor Agency's ROPS as separate enforceable obligations.

**AGREEMENT FOR REIMBURSEMENT OF COSTS  
AND CITY/SUCCESSOR AGENCY OPERATIONS LOAN**

This **AGREEMENT FOR REIMBURSEMENT OF COSTS AND CITY/SUCCESSOR AGENCY OPERATIONS LOAN** ("Agreement") is made and entered into as of May 2, 2012 by and among the **CITY OF SAN JUAN CAPISTRANO**, a California Municipal corporation ("City"), and the **CITY OF SAN JUAN CAPISTRANO ACTING AS SUCCESSOR AGENCY TO THE SAN JUAN CAPISTRANO COMMUNITY REDEVELOPMENT AGENCY** ("Successor Agency")

**RECITALS**

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

B. Assembly Bill (AB)X1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which laws cause the dissolution and wind down of all redevelopment agencies ("Dissolution Act").

C. On December 29, 2011, *California Redevelopment Association v. Matosantos*, Case No. S194861, the California Supreme Court upheld the Dissolution Act and thereby all redevelopment agencies in California are subject to the Dissolution Act and were dissolved effective February 1, 2012.

D. On January 11, 2012, the City Council adopted Resolution No. 12-01-10-01 at an open public meeting choosing to become and serve as the "Successor Agency" to the dissolved Agency under the Dissolution Act.

E. As of and on and after February 1, 2012, the City serves as the "Successor Agency" and is performing its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency's affairs, all subject to the review and approval by the seven-member Oversight Board.

F. On January 17, 2012, the City Council adopted Resolution No. 12-01-17- pursuant to California Health and Safety Code Section 34176 of the Dissolution Act, declining to assume the housing assets and functions of the Agency and selected the San Juan Capistrano Housing Authority to so assume such housing assets and functions, and on such date also pursuant to Section 34176 the Authority accepted and assumed the housing assets and functions of the Agency and as of February 1, 2012, became and serves as the "Successor Housing Agency" of the former Agency pursuant to the Dissolution Act. At this time, any assets assigned and transferred by operation of

law and to be assigned and transferred by authorization of and direction from the oversight board when formed and operating pursuant to the Dissolution Act to the Successor Housing Agency are not adequate to fund administrative support costs and expenses unless any future Low and Moderate Income Housing fund balances are authorized to be transferred under State Law to the Successor Housing Agency. If this occurs, a future modification to this Agreement may be necessary.

**G.** City, acting as Successor Agency, is engaged in activities necessary and appropriate to winding down the activities of the Agency's Community Development Central Project Area ("Central Project Area") that was originally adopted and amended by ordinances of the City Council.

**H.** Employees of the City will perform day-to-day administration and operation of the Successor Agency's duties and functions. Since the San Juan Capistrano Community Redevelopment Agency was originally formed and upon Successor Agency's effectiveness as of February 1, 2012, City has provided and shall continue to provide services to the Successor Agency, including but not limited to providing administrative, accounting, auditing, planning, engineering, legal, risk management, financial, clerical, record-keeping, and other services necessary for the Successor Agency to carry out its responsibilities.

**I.** City and Successor Agency desire to affirm and document an on-going cooperative arrangement regarding administrative and operational services and payment for services by entering into a new contract whereby City agrees to provide administrative and operational services and Successor Agency agrees to pay City for the cost of all such services to be provided by City for Successor Agency.

**NOW, THEREFORE,** for and in consideration of the mutual promises, covenants and conditions herein contained, the parties hereto agree as follows:

**1. Reimbursement of Administrative Expenses and Enforceable Obligation Expenses.** The Successor Agency shall be liable to the City for the payment of its Administrative Expenses as set forth in this Agreement and as adopted by the Successor Agency as part of an Administrative Budget pursuant to Health & Safety Code Section 34177(j) and approved by the Oversight Board, as such annual Administrative Budget may be amended, revised or reconciled from time to time. In addition, the Successor Agency shall be liable to the City for any program or operational expenses associated with Enforceable Obligations, as that term is defined in the Dissolution Act as set forth in each Recognized Obligation Payment Schedule ("ROPS"), including salary and benefits of employees.

**2. Cost of Administrative Expenses and Administrative Cost Allowance from February 1, 2012 through June 30, 2012.**

**2.1 Successor Agency and City estimate that the cost of Administrative Expenses to be provided by City to the Successor Agency for the period of February 1, 2012 through June 30, 2012, is Two Hundred Twelve Eight Hundred Forty Seven Dollars (\$212,847), which is itemized in the Successor Agency's Administrative Budget approved by action of the Oversight Board. Pursuant to the provisions of Section 4 herein, Successor Agency agrees to pay the sum of \$212,847 to City to pay for the estimated Administrative Expenses of the Successor Agency for the period February 1, 2012, through June 30, 2012, and for subsequent fiscal years, subject to Oversight Board approval and Successor Agency preparation and approval of an Administrative Budget estimate for such services and costs pursuant to the Dissolution Act.**

**2.2. Information and supporting data regarding the staffing and allocation of costs have been prepared by Successor Agency and City staff and are made a part hereof by this reference. Within thirty (30) days of the expiration of the each calendar quarter during the term of this Agreement, the parties shall determine the actual costs incurred by Successor Agency for services provided to the City and the Successor Agency shall reimburse the City for these costs within thirty (30) days of this determination. For the period of February 1, 2012, through March 31, 2012, these amounts shall be reimbursed within thirty (30) days of the approval of this agreement. Within thirty (30) days of the expiration of Fiscal Year 2011-12 and each fiscal year thereafter during the term of this Agreement, the parties shall determine the actual costs incurred by Successor Agency for services provided to the City. If the actual amount incurred by Successor Agency is less than the estimated amount, City shall reimburse Successor Agency in the amount overpaid within 30 days of such notice, and if the actual amount incurred by Successor Agency is greater than the estimated amount, any additional amount above the estimated amount shall be due and payable by Successor Agency from the Redevelopment Obligation Retirement Fund and the additional amount shall be advanced to Successor Agency by City.**

**3. Services to be Provided. City agrees to continue to aid and cooperate and shall aid and cooperate in the planning, undertaking, construction and operation of remaining enforceable obligations of the Successor Agency previously incurred by the Agency as it relates to Enforceable Obligations of the Agency within the City provided the cost of such services are paid by Successor Agency. At the request of Successor Agency through the City Manager and duly authorized designees, the City and its officers and employees shall perform services for Successor Agency in carrying out its work related to meeting the Agency's Enforceable Obligations and for winding down the activities of the Agency and shall have access to any and all personnel and the facilities of the departments and offices of the City. Those City officers and employees who are also appointed to positions or offices with or related to the Successor Agency shall perform services for the each agency in a dual capacity. The City Manager, and other appropriate City officials on behalf of the City and the Successor Agency, and duly authorized designees, shall determine and establish the procedures to be followed in requesting and rendering such services. The costs of administrative services shall be**

considered Administrative Expenses in the Annual Administrative Budget. The costs of other Enforceable Obligation where supported by City services are identified as specific line items on the EOPS or ROPS and not part of the estimated Administrative Expenses identified in Section 1.

**4. Meeting Facilities.** City agrees to make available to Successor Agency such office space and meeting space as is necessary for conducting meetings and the business of such agency, including use of the City Council Chambers and appropriate conference room(s) for open public meetings, closed session meetings, and study session meetings of the Successor Agency and Oversight Board, and meetings of Successor Agency staff, counsel, consultants, and other representatives. Each agency shall use such space in accordance with the rules and regulations of the City as applicable to other buildings and offices of the City.

**5. Succeeding Years during Term of Agreement.** The procedure set forth above in Sections 2, 3 and 4 shall be undertaken by Successor Agency, the Oversight Board, and City for each successive six-month period and for each fiscal year during the term of this Agreement based on each approved Administrative Budget and ROPS prepared pursuant to the Dissolution Act.

**6. City Cost Allocation Plan; Estimated Cost of Services and Facilities.** Expenses shall be calculated in the manner set forth in City's cost allocation plan, or other applicable reasonable cost allocation and accounting plan approved by the parties that conforms with generally accepted accounting principles and that is generally applicable to all users of services and facilities of the City. The specific costs to be allocated herein shall be based upon the cost of the following categories of services.

**6.1 Wages and Benefits Successor Agency.** Wage and Benefit expenses incurred in connection with City employees described to perform administrative services work for Successor Agency. The costs attributable to employees who devote less than 100% of their time to the Successor Agency shall be allocated in accordance with the City's cost allocation plan.

**6.2 General Overhead.** A general indirect administrative operating expenses and overhead support charge which shall be determined in accordance with the City's cost allocation plan and Successor Agency Annual Administrative Budget.

**6.3 Specific Services.** All expenses that City may actually incur in providing specific administrative services on behalf of Successor Agency including, but not limited to, audit services, lease of space to accommodate Successor Agency's activities, City Treasurer services, property insurance for Successor Agency's properties, contracts for real estate data and information, department supplies, mail and postage services, equipment maintenance and IT support.

**7. Annual Expenses Deemed City Advance.** For each year in which Successor Agency does not have adequate funds to pay and reimburse for Administrative Expenses and/or Enforceable Obligation Expenses, each such amount

shall be deemed an advance by City to Successor Agency and such amount shall be deemed to have been loaned by City to Successor Agency ("City/Successor Agency Operations Loan").

8. **Repayment of Operations Loan.** Successor Agency agrees to repay the City/Successor Agency Operations Loan (and all future advances thereto) from (former) tax increment funds allocated to Successor Agency that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund pursuant to California Health and Safety Code Section 34177(k) and other applicable laws. Successor Agency shall repay to City the principal amount of the City/Successor Agency Operations Loan on or before the last date that Successor Agency may receive tax increment funds pursuant to the time and financial limitations required to meet all enforceable obligations of the Successor Agency and subject to the Dissolution Act and other applicable laws.

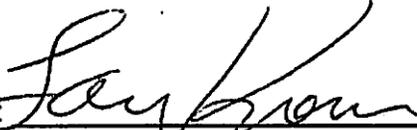
9. **Provisions Severable.** If any provision of this Agreement or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application, and to this end the provisions of this Agreement are severable. The City Council and Successor Agency each hereby declares that it would have approved this Agreement irrespective of the invalidity of any particular portion hereof.

10. **Effective Date of Agreement.** This Agreement shall become effective as of the date in the first paragraph hereof and shall continue thereafter until modified or terminated by the parties hereto.

11. **Subordination Indebtedness.** The indebtedness of the City/Successor Agency Operations Loan under this Agreement shall be junior and subordinate to other allocated moneys made from the Redevelopment Property Tax Trust Fund including those pursuant to California Health and Safety Code Section 34183(a)(1) and (2).

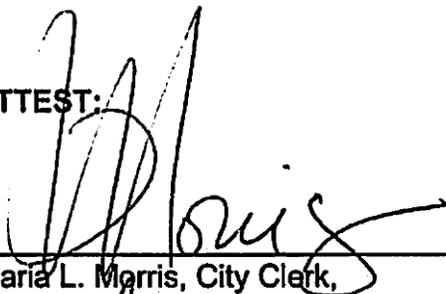
**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed by their officers thereunto duly authorized on the date first above written.

**CITY OF SAN JUAN CAPISTRANO, a  
California Municipal Corporation**

By:   
Larry Kramer, Mayor

Dated: May 2, 2012

**ATTEST:**

  
Maria L. Morris, City Clerk,

Dated: May 2, 2012

**APPROVED AS TO FORM**

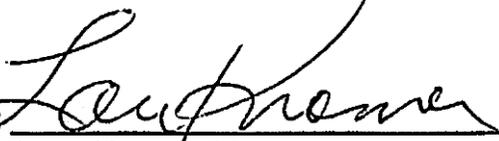
  
Omar Sandoval, City Attorney

Dated: May 2, 2012

[Signatures continue on next page]

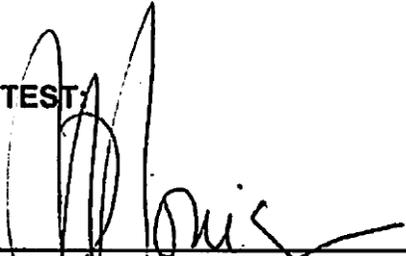
[Signatures continued from previous page]

**CITY OF SAN JUAN CAPISTRANO ACTING  
AND SERVING AS THE SUCCESSOR  
AGENCY TO THE SAN JUAN CAPISTRANO  
COMMUNITY REDEVELOPMENT AGENCY**

By:   
Larry Kramer, Mayor

Dated: May 2, 2012

**ATTEST:**

  
Maria L. Morris, City Clerk on behalf of the Successor Agency

Dated: May 2, 2012

**APPROVED AS TO FORM**

  
Tom Clark, Stradling, Yocca, Carlson, and Rauth  
Special Counsel to Successor Agency

Dated: May 2, 2012