

OVERSIGHT BOARD RESOLUTION NO. OB-2016-14

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT AGENCY APPROVING REINSTATEMENT AND REPAYMENT OF CERTAIN PRIOR LOANS MADE TO THE FORMER AGENCY BY THE CITY OF TAFT; FINDING THE PRIOR 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 Taft Community Development Agency (the "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.* (the "CRL"), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Taft (the "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 (as further amended from time to time, 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 Taft Community Development Agency (the "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 previously made by the City to 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 September 12, 2014; and

WHEREAS, prior to the dissolution of the Agency, the City loaned money to the Agency from time to time (collectively, the "Prior Loan"); and

WHEREAS, the Prior Loan was disbursed over the course of several years and was structured to come due every June 30; if not paid, then principal and accrued interest owed by the former Agency to the City were included in a new loan for the next fiscal year, which would become due and payable the following June 30; and

WHEREAS, as of February 1, 2012, the date the Agency was dissolved, the Agency owed the City the Prior Loan in the principal amount of \$2,457,797.91 (the "Loan Amount"); and

WHEREAS, proceeds of the Prior Loan were disbursed to the Agency over the course of six years and were used by the Agency to purchase real property for redevelopment projects, to fund required Supplemental Educational Revenue Augmentation Fund ("SERAF") payments, and to pay certain operating costs of the former Agency; and

WHEREAS, the City and Successor Agency desire to reinstate the Prior Loan previously made by the City to the Agency by entering into that certain *Loan Agreement for Reinstated City/Agency Loan Pursuant to Health and Safety Code Section 34191.4* in substantially the form attached hereto as Exhibit A and incorporated herein (the "Loan Agreement"); and

WHEREAS, after reinstatement of the Prior Loan pursuant to Health and Safety Code Section 34191.4(b), AB 1484 restricts the repayment of the Prior Loan in accordance with the formula set forth in Health and Safety Code Section 34191.4(b).

**NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE TAFT COMMUNITY DEVELOPMENT 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 Prior Loan was 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 and 33220, for valid redevelopment purposes, and that the Prior Loan was therefore made for legitimate redevelopment purposes. The foregoing finding is based on evidence that the proceeds of the Prior Loan were used by the Agency to purchase real property for redevelopment projects pursuant to the California Community Redevelopment Law and the Redevelopment Plan for the Taft Redevelopment Project No. 1 (the "Redevelopment Plan"). Other proceeds of the Prior Loan were used by the Agency to make SERAF payments, as required by the CRL. Finally, certain proceeds of the Prior Loan were used to pay operating costs of the former Agency, without which the Agency could not have continued to pursue its redevelopment activities under the Redevelopment Plan and the CRL.

Section 3. The Oversight Board further finds and determines, based on all the evidence in the record before it, that upon approval thereof by the Oversight Board and the DOF, the Loan Agreement shall constitute an enforceable obligation within the meaning of Section 34171(d) of the Dissolution Act.

- Section 4. The Oversight Board hereby finds and determines, based on all the evidence in the record before it, that the Prior Loan, as reinstated pursuant to the Loan Agreement, constitutes an enforceable obligation eligible for payment through the ROPS from Redevelopment Property Tax Trust Fund (“RPTTF”) moneys, in accordance with the formula set forth in Health and Safety Code Section 34191.4(b).
- Section 5. The Oversight Board hereby approves the reinstatement of the Prior Loan pursuant to the Loan Agreement, including the recalculation of interest on the Prior Loan at a simple 3% interest rate. The Successor Agency Executive Director is hereby authorized and directed to create and update a defined payment schedule from time to time, as appropriate, to reflect the actual amount of RPTTF moneys available for payment to the taxing entities (and therefore available for payment of amounts due under the Loan Agreement) in each fiscal year following reinstatement of the Prior Loan pursuant to this Agreement. Such defined payment schedule shall reflect the recalculation of interest on the unpaid balance of the Prior Loan from the date of origination of the Prior Loan and thereafter as described in the Loan Agreement.
- Section 6. The Oversight Board hereby directs the Successor Agency to include repayment of the Prior Loan on the annual ROPS covering the period from July 1, 2016 through June 30, 2017 and to take all actions necessary and appropriate to accomplish the repayment of the Prior Loan to the City, including without limitation including the Prior Loan and the Loan Agreement on each ROPS until the Loan Amount, including interest, is repaid to the City in full (including all required deposits into the Low and Moderate Income Housing Asset Fund held by the housing successor, as provided by Health and Safety Code Section 34191.4(b)(3)(C)).
- Section 7. All unpaid amounts owing under the Loan Agreement 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 Prior Loan 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 8. 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 9. 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 DOF pursuant to Health and Safety Code Section 34179(h).

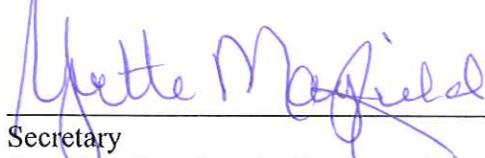
APPROVED AND ADOPTED this 28<sup>th</sup> day of January, 2016.



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Chair  
Oversight Board to the Successor Agency to the  
Taft Community Development Agency

ATTEST:



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Secretary  
Oversight Board to the Successor Agency to the  
Taft Community Development Agency