



Agenda Item 7-B

Approvals: _____

City Manager RH

Dept. Head _____

Attorney _____

Finance _____

AGENDA REPORT

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
TO THE SAN CLEMENTE REDEVELOPMENT AGENCY

Meeting Date: July 3, 2013

Department: Finance and Administrative Services
Prepared By: Jake Rahn, Financial Services Officer

Subject: *APPROVAL OF GENERAL FUND LOAN REPAYMENT*

Fiscal Impact: Funds for the repayment of the General Fund Loan will be provided through the Property Tax Trust Funds held by the County of Orange.

Summary: Successor agencies obtaining a "Finding of Completion" from the State Department of Finance (DOF) qualify for loan repayments to be listed on the Recognized Obligation Payment Schedule (ROPS) as an enforceable obligation.

Background: As part of the 2011 Budget Act, and in order to protect funding for core public services at the local level, the State Legislature approved the dissolution of the state's 400 plus Redevelopment Agencies (RDA's). After a period of litigation, RDA's were officially dissolved as of February 1, 2012.

Under AB 26x1, loans made by a sponsoring entity to a former RDA were generally ineligible for repayments. Subsequently the State Legislature, under AB 1484, made allowances for the repayment of loans between the former RDA and the sponsoring entity. Loans between the RDA and the City may be deemed to be enforceable following the successor agency's receipt of a Finding of Completion.

Successor agencies obtaining a "Finding of Completion" from the State Department of Finance (DOF) qualify for loan repayments to be listed on the Recognized Obligation Payment Schedule (ROPS) as an enforceable obligation. In order to obtain the Finding of Completion, the following reports and payments were submitted:

- 1) *the successor agency has paid the July 2012 true-up payment to the County,*
- 2) *the LMIHF DDR amount has been paid,*
- 3) *the Other Funds DDR amount has been paid, and*
- 4) *confirmation of the paid amounts is received from the County by the State.*

Currently, the City has completed steps #1, #2, #3, and submitted information on #4. Payments from the dissolved RDA assets were made and the City has requested a Finding of Completion. The State has 5 days for issuing the Finding of Completion.

Discussion: The Oversight Board needs to approve the sponsoring entity's loan agreement with the former redevelopment agency. The Oversight Board is required to make a finding that the loan was for legitimate redevelopment purposes per Health and Safety Code (HSC) Section 34191.4 (b) (1). In this instance, the loan refinanced two previous loans made from the Sewer and General Liability Fund to a lower interest rate. The Sewer and General Liability loans were originally used to fund the purchase of the Casa Romantica Cultural Center and operating deficits related to the operation of the RDA. Therefore, the General Fund loan was related to a legitimate redevelopment agency purpose.

The General Fund loan repayments, based on HSC Section 34191.4(b)(2), have the following conditions:

- The balance is to be recalculated from loan origination at the LAIF interest rate.
- The loan is to be paid in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the LAIF rate.
- Repayment amounts are limited based on property tax residual amounts.

The loan balance was recalculated based on the original loan balance, the quarterly LAIF rate, and payments made on the loan. The revised loan balance amount of \$1,979,130 is different from the amount of \$1,778,345 listed on previous ROPS. The difference of \$200,785 is the result of using LAIF interest rates and the DOF disallowing \$292,316 of payments on the loan during the January 1, 2011 to January 1, 2012 timeframe.

The Successor Agency (City) will amortize the loan balance of \$1,979,130 in as short a timeframe as reasonable (see Attachment 2) to allow for the conclusion to one of the dissolved RDA's largest outstanding enforceable obligations remaining. The loan repayment amounts will be listed on future ROPS and payments made based on the schedule. Updates to the amortization schedule will be brought before the Oversight Board as needed in the future.

Recommended

Action:

STAFF RECOMMENDS THAT the Oversight Board:

- 1) Approve Resolution No. ____ "A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SAN CLEMENTE REDEVELOPMENT AGENCY MAKING A FINDING THAT THE LOAN AGREEMENT BY AND BETWEEN THE CITY OF SAN CLEMENTE AND THE SAN CLEMENTE REDEVELOPMENT AGENCY WAS FOR LEGITIMATE REDEVELOPMENT PURPOSES AND IS AN ENFORCEABLE OBLIGATION"
- 2) Authorize the placement of the outstanding loan on the Recognized Obligation Payment Schedule (ROPS) upon the issuance of the Finding of Completion.

Attachments:

- Attachment 1 – Resolution No. ____
- Attachment 2 – General Fund loan recalculation
- Attachment 3 – General Fund loan amortization schedule

Notification:

State of California Department of Finance
 State of California Controllers Office

RESOLUTION NO.

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SAN CLEMENTE REDEVELOPMENT AGENCY MAKING A FINDING THAT THE LOAN AGREEMENT BY AND BETWEEN THE CITY OF SAN CLEMENTE AND THE SAN CLEMENTE REDEVELOPMENT AGENCY WAS FOR LEGITIMATE REDEVELOPMENT PURPOSES AND IS AN ENFORCEABLE OBLIGATION

WHEREAS, the San Clemente Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of San Clemente ("City"), duly created pursuant to the California Community Redevelopment Law and Health and Safety Code Section 33000, et. seq.; and

WHEREAS, the City Council of the City of San Clemente ("City") adopted a redevelopment plan for San Clemente's redevelopment project area; and

WHEREAS, Assembly Bill x1 26 chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code ("HSC"), 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 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 as a separate legal entity the City Council of the City adopted Resolution No 12-04 on January 17, 2012, pursuant to Part 1.85 of the Dissolution Act, electing for the City to serve as the successor agency to the San Clemente Redevelopment Agency under the Dissolution Act ("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, pursuant to HSC Section 34179 the Oversight Board has been established for the Successor Agency and all seven members have been appointed to the Oversight Board; and

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

WHEREAS, the City of San Clemente and San Clemente Redevelopment Agency entered into a loan agreement on July 1, 2002 for legitimate redevelopment purposes; and

NOW, THEREFORE, the Oversight Board of the Successor Agency of the San Clemente Redevelopment Agency does hereby resolve as follows:

Section 1. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Pursuant to Health and Safety Code Section 34191.4 of the Dissolution Act, the Oversight Board finds that the loan agreement by and between the City of San Clemente and the San Clemente Redevelopment Agency was made for legitimate redevelopment purposes.

Section 3. The Oversight Board approves the loan amount of \$1,979,130.37 as an enforceable obligation based on the balance as recalculated from the origination of the loan at the interest rate earned by funds deposited into the Local Agency Investment Fund as required under HSC Section 34191.4.

Section 4. The Oversight Board authorizes the Successor Agency to list on the Recognized Obligation Payment Schedule the loan amount with repayment to begin in FY 2014 and provide that the repayment of the loan be limited to the maximum amount provided by Section 34191.4 (b) (2).

Section 5. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable.

Section 6. The Secretary of the Successor Agency to the San Clemente Redevelopment Agency shall certify to the adoption of this Resolution.

Section 7. The actions taken by the Oversight Board shall take effect upon the date of its adoption.

Section 8: The Secretary of the Successor Agency to the San Clemente Redevelopment Agency shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED this ____ day of _____, _____.

ATTEST:

SECRETARY, OVERSIGHT BOARD

CHAIR, OVERSIGHT BOARD

STATE OF CALIFORNIA)
COUNTY OF ORANGE) §
CITY OF SAN CLEMENTE)

I, JOANNE BAADE, Secretary to the Oversight Board of the Successor Agency to the San Clemente Redevelopment Agency, hereby certify that foregoing resolution was duly adopted at a special meeting of the Oversight Board held on the ____ day of _____, _____, by the following vote:

AYES:

NOES:

ABSENT:

SECRETARY, OVERSIGHT BOARD

7-13-5

Attachment 2
City of San Clemente
General Fund Loan Recalculation

	Beginning Loan Balance	Interest	Payment	Ending Loan Balance	LAIF Interest Rate
Jul-03	3,420,690.00	4,646.44	(22,486.67)	3,402,849.77	1.63%
Aug-03	3,402,849.77	4,622.20	(22,486.67)	3,384,985.30	1.63%
Sep-03	3,384,985.30	4,597.94	(22,486.67)	3,367,096.57	1.63%
Oct-03	3,367,096.57	4,377.23	(22,486.67)	3,348,987.13	1.56%
Nov-03	3,348,987.13	4,353.68	(22,486.67)	3,330,854.14	1.56%
Dec-03	3,330,854.14	4,330.11	(22,486.67)	3,312,697.58	1.56%
Jan-04	3,312,697.58	4,058.05	(22,486.67)	3,294,268.96	1.47%
Feb-04	3,294,268.96	4,035.48	(22,486.67)	3,275,817.77	1.47%
Mar-04	3,275,817.77	4,012.88	(22,486.67)	3,257,343.98	1.47%
Apr-04	3,257,343.98	3,908.81	(22,486.67)	3,238,766.12	1.44%
May-04	3,238,766.12	3,886.52	(22,486.67)	3,220,165.97	1.44%
Jun-04	3,220,165.97	3,864.20	(22,486.67)	3,201,543.50	1.44%
Jul-04	3,201,543.50	4,455.48	(22,486.67)	3,183,512.31	1.67%
Aug-04	3,183,512.31	4,430.39	(22,486.67)	3,165,456.03	1.67%
Sep-04	3,165,456.03	4,405.26	(22,486.67)	3,147,374.62	1.67%
Oct-04	3,147,374.62	5,245.62	(22,486.67)	3,130,133.57	2.00%
Nov-04	3,130,133.57	5,216.89	(22,486.67)	3,112,863.79	2.00%
Dec-04	3,112,863.79	5,188.11	(22,486.67)	3,095,565.23	2.00%
Jan-05	3,095,565.23	6,139.54	(22,486.67)	3,079,218.10	2.38%
Feb-05	3,079,218.10	6,107.12	(22,486.67)	3,062,838.55	2.38%
Mar-05	3,062,838.55	6,074.63	(22,486.67)	3,046,426.51	2.38%
Apr-05	3,046,426.51	7,235.26	(22,486.67)	3,031,175.10	2.85%
May-05	3,031,175.10	7,199.04	(22,486.67)	3,015,887.47	2.85%
Jun-05	3,015,887.47	7,162.73	(22,486.67)	3,000,563.53	2.85%
Jul-05	3,000,563.53	7,951.49	(22,486.67)	2,986,028.35	3.18%
Aug-05	2,986,028.35	7,912.98	(22,486.67)	2,971,454.66	3.18%
Sep-05	2,971,454.66	7,874.35	(22,486.67)	2,956,842.34	3.18%
Oct-05	2,956,842.34	8,944.45	(22,486.67)	2,943,300.12	3.63%
Nov-05	2,943,300.12	8,903.48	(22,486.67)	2,929,716.93	3.63%
Dec-05	2,929,716.93	8,862.39	(22,486.67)	2,916,092.65	3.63%
Jan-06	2,916,092.65	9,793.21	(22,486.67)	2,903,399.19	4.03%
Feb-06	2,903,399.19	9,750.58	(22,486.67)	2,890,663.10	4.03%
Mar-06	2,890,663.10	9,707.81	(22,486.67)	2,877,884.24	4.03%
Apr-06	2,877,884.24	10,864.01	(22,486.67)	2,866,261.58	4.53%
May-06	2,866,261.58	10,820.14	(22,486.67)	2,854,595.05	4.53%
Jun-06	2,854,595.05	10,776.10	(22,486.67)	2,842,884.48	4.53%
Jul-06	2,842,884.48	11,679.52	(22,486.67)	2,832,077.33	4.93%
Aug-06	2,832,077.33	11,635.12	(22,486.67)	2,821,225.78	4.93%
Sep-06	2,821,225.78	11,590.54	(22,486.67)	2,810,329.65	4.93%
Oct-06	2,810,329.65	11,967.32	(22,486.67)	2,799,810.30	5.11%
Nov-06	2,799,810.30	11,922.53	(22,486.67)	2,789,246.16	5.11%

City of San Clemente
General Fund Loan Recalculation

	Beginning Loan Balance	Interest	Payment	Ending Loan Balance	LAIF Interest Rate
Dec-06	2,789,246.16	11,877.54	(22,486.67)	2,778,637.03	5.11%
Jan-07	2,778,637.03	11,971.29	(22,486.67)	2,768,121.65	5.17%
Feb-07	2,768,121.65	11,925.99	(22,486.67)	2,757,560.97	5.17%
Mar-07	2,757,560.97	11,880.49	(22,486.67)	2,746,954.79	5.17%
Apr-07	2,746,954.79	11,972.14	(22,486.67)	2,736,440.26	5.23%
May-07	2,736,440.26	11,926.32	(22,486.67)	2,725,879.91	5.23%
Jun-07	2,725,879.91	11,880.29	(22,486.67)	2,715,273.53	5.23%
Jul-07	2,715,273.53	11,856.69	(22,486.67)	2,704,643.55	5.24%
Aug-07	2,704,643.55	11,810.28	(22,486.67)	2,693,967.16	5.24%
Sep-07	2,693,967.16	11,763.66	(22,486.67)	2,683,244.15	5.24%
Oct-07	2,683,244.15	11,090.74	(22,486.67)	2,671,848.22	4.96%
Nov-07	2,671,848.22	11,043.64	(22,486.67)	2,660,405.19	4.96%
Dec-07	2,660,405.19	10,996.34	(22,486.67)	2,648,914.86	4.96%
Jan-08	2,648,914.86	9,227.05	(22,486.67)	2,635,655.24	4.18%
Feb-08	2,635,655.24	9,180.87	(22,486.67)	2,622,349.44	4.18%
Mar-08	2,622,349.44	9,134.52	(22,486.67)	2,608,997.29	4.18%
Apr-08	2,608,997.29	6,761.65	(22,486.67)	2,593,272.27	3.11%
May-08	2,593,272.27	6,720.90	(22,486.67)	2,577,506.50	3.11%
Jun-08	2,577,506.50	6,680.04	(22,486.67)	2,561,699.87	3.11%
Jul-08	2,561,699.87	5,913.26	(22,486.67)	2,545,126.46	2.77%
Aug-08	2,545,126.46	5,875.00	(22,486.67)	2,528,514.79	2.77%
Sep-08	2,528,514.79	5,836.65	(22,486.67)	2,511,864.77	2.77%
Oct-08	2,511,864.77	5,316.78	(22,486.67)	2,494,694.88	2.54%
Nov-08	2,494,694.88	5,280.44	(22,486.67)	2,477,488.65	2.54%
Dec-08	2,477,488.65	5,244.02	(22,486.67)	2,460,246.00	2.54%
Jan-09	2,460,246.00	3,915.89	(22,486.67)	2,441,675.22	1.91%
Feb-09	2,441,675.22	3,886.33	(22,486.67)	2,423,074.88	1.91%
Mar-09	2,423,074.88	3,856.73	(22,486.67)	2,404,444.94	1.91%
Apr-09	2,404,444.94	3,025.59	(22,486.67)	2,384,983.86	1.51%
May-09	2,384,983.86	3,001.10	(22,486.67)	2,365,498.29	1.51%
Jun-09	2,365,498.29	2,976.59	(22,486.67)	2,345,988.21	1.51%
Jul-09	2,345,988.21	1,759.49	(22,486.67)	2,325,261.03	0.90%
Aug-09	2,325,261.03	1,743.95	(22,486.67)	2,304,518.31	0.90%
Sep-09	2,304,518.31	1,728.39	(22,486.67)	2,283,760.03	0.90%
Oct-09	2,283,760.03	1,141.88	(22,486.67)	2,262,415.24	0.60%
Nov-09	2,262,415.24	1,131.21	(22,486.67)	2,241,059.78	0.60%
Dec-09	2,241,059.78	1,120.53	(22,486.67)	2,219,693.64	0.60%
Jan-10	2,219,693.64	1,035.86	(22,486.67)	2,198,242.83	0.56%
Feb-10	2,198,242.83	1,025.85	(22,486.67)	2,176,782.01	0.56%
Mar-10	2,176,782.01	1,015.83	(22,486.67)	2,155,311.17	0.56%
Apr-10	2,155,311.17	1,005.81	(22,486.67)	2,133,830.31	0.56%

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City of San Clemente
General Fund Loan Recalculation

	Beginning Loan Balance	Interest	Payment	Ending Loan Balance	LAIF Interest Rate
May-10	2,133,830.31	995.79	(22,486.67)	2,112,339.43	0.56%
Jun-10	2,112,339.43	985.76	(22,486.67)	2,090,838.52	0.56%
Jul-10	2,090,838.52	888.61	(22,486.67)	2,069,240.46	0.51%
Aug-10	2,069,240.46	879.43	(22,486.67)	2,047,633.22	0.51%
Sep-10	2,047,633.22	870.24	(22,486.67)	2,026,016.79	0.51%
Oct-10	2,026,016.79	776.64	(22,486.67)	2,004,306.76	0.46%
Nov-10	2,004,306.76	768.32	(22,486.67)	1,982,588.41	0.46%
Dec-10	1,982,588.41	759.99	(22,486.67)	1,960,861.73	0.46%
Jan-11	1,960,861.73	833.37	-	1,961,695.10	0.51%
Feb-11	1,961,695.10	833.72	-	1,962,528.82	0.51%
Mar-11	1,962,528.82	834.07	-	1,963,362.89	0.51%
Apr-11	1,963,362.89	785.35	-	1,964,148.24	0.48%
May-11	1,964,148.24	785.66	-	1,964,933.90	0.48%
Jun-11	1,964,933.90	785.97	-	1,965,719.87	0.48%
Jul-11	1,965,719.87	622.48	-	1,966,342.35	0.38%
Aug-11	1,966,342.35	622.68	-	1,966,965.03	0.38%
Sep-11	1,966,965.03	622.87	-	1,967,587.90	0.38%
Oct-11	1,967,587.90	623.07	-	1,968,210.97	0.38%
Nov-11	1,968,210.97	623.27	-	1,968,834.24	0.38%
Dec-11	1,968,834.24	623.46	-	1,969,457.70	0.38%
Jan-12	1,969,457.70	623.66	-	1,970,081.36	0.38%
Feb-12	1,970,081.36	623.86	-	1,970,705.22	0.38%
Mar-12	1,970,705.22	624.06	-	1,971,329.28	0.38%
Apr-12	1,971,329.28	591.40	-	1,971,920.68	0.36%
May-12	1,971,920.68	591.58	-	1,972,512.26	0.36%
Jun-12	1,972,512.26	591.75	-	1,973,104.01	0.36%
Jul-12	1,973,104.01	575.49	-	1,973,679.50	0.35%
Aug-12	1,973,679.50	575.66	-	1,974,255.16	0.35%
Sep-12	1,974,255.16	575.82	-	1,974,830.98	0.35%
Oct-12	1,974,830.98	526.62	-	1,975,357.60	0.32%
Nov-12	1,975,357.60	526.76	-	1,975,884.36	0.32%
Dec-12	1,975,884.36	526.90	-	1,976,411.26	0.32%
Jan-13	1,976,411.26	461.16	-	1,976,872.42	0.28%
Feb-13	1,976,872.42	461.27	-	1,977,333.69	0.28%
Mar-13	1,977,333.69	461.38	-	1,977,795.07	0.28%
Apr-13	1,977,795.07	445.00	-	1,978,240.07	0.27%
May-13	1,978,240.07	445.10	-	1,978,685.17	0.27%
Jun-13	1,978,685.17	445.20	-	1,979,130.37	0.27%

Attachment 3

City of San Clemente
General Fund Loan Amortization

	Beginning Loan Balance	Interest	Payment	Ending Loan Balance	LAIF Interest Rate
Jul-13	1,979,130.37	445.30	-	1,979,575.67	0.27%
Aug-13	1,979,575.67	445.40	-	1,980,021.07	0.27%
Sep-13	1,980,021.07	445.50	-	1,980,466.57	0.27%
Oct-13	1,980,466.57	445.60	-	1,980,912.17	0.27%
Nov-13	1,980,912.17	445.71	-	1,981,357.88	0.27%
Dec-13	1,981,357.88	445.81	-	1,981,803.69	0.27%
Jan-14	1,981,803.69	445.91	(120,000.00)	1,862,249.60	0.27%
Feb-14	1,862,249.60	419.01	(120,000.00)	1,742,668.61	0.27%
Mar-14	1,742,668.61	392.10	(120,000.00)	1,623,060.71	0.27%
Apr-14	1,623,060.71	365.19	(120,000.00)	1,503,425.90	0.27%
May-14	1,503,425.90	338.27	(120,000.00)	1,383,764.17	0.27%
Jun-14	1,383,764.17	311.35	(120,000.00)	1,264,075.52	0.27%
Jul-14	1,264,075.52	284.42	(120,000.00)	1,144,359.94	0.27%
Aug-14	1,144,359.94	257.48	(120,000.00)	1,024,617.42	0.27%
Sep-14	1,024,617.42	230.54	(120,000.00)	904,847.96	0.27%
Oct-14	904,847.96	203.59	(120,000.00)	785,051.55	0.27%
Nov-14	785,051.55	176.64	(120,000.00)	665,228.19	0.27%
Dec-14	665,228.19	149.68	(120,000.00)	545,377.87	0.27%
Jan-15	545,377.87	122.71	(120,000.00)	425,500.58	0.27%
Feb-15	425,500.58	95.74	(120,000.00)	305,596.32	0.27%
Mar-15	305,596.32	68.76	(120,000.00)	185,665.08	0.27%
Apr-15	185,665.08	41.77	(120,000.00)	65,706.85	0.27%
May-15	65,706.85	14.78	(65,721.63)	0.00	0.27%
Jun-15	0.00	-	-	0.00	0.27%
Jul-15	0.00	-	-	0.00	0.27%
Aug-15	0.00	-	-	0.00	0.27%
Sep-15	0.00	-	-	0.00	0.27%
Oct-15	0.00	-	-	0.00	0.27%
Nov-15	0.00	-	-	0.00	0.27%
Dec-15	0.00	-	-	0.00	0.27%
Jan-16	0.00	-	-	0.00	0.27%
Feb-16	0.00	-	-	0.00	0.27%
Mar-16	0.00	-	-	0.00	0.27%
Apr-16	0.00	-	-	0.00	0.27%
May-16	0.00	-	-	0.00	0.27%
Jun-16	0.00	-	-	0.00	0.27%

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