

RESOLUTION NO. OB2014-03

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LAKE FOREST APPROVING A RATIFICATION AND AMENDMENT TO A LOAN AGREEMENT BETWEEN THE CITY OF LAKE FOREST AND THE SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY

WHEREAS, pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.), the City Council of the City of Lake Forest ("City") activated the Lake Forest Redevelopment Agency (the "Redevelopment Agency") and subsequently adopted the Redevelopment Plan for the El Toro Project Area (the "Redevelopment Plan"); and

WHEREAS, on or about June 15, 2010, the City and Redevelopment Agency re-entered into and extended the repayment date of a Loan Agreement pursuant to City Resolution No. 2010-15 ("Loan Agreement"), whereby the City agreed to provide to the Redevelopment Agency a loan in the amount of One-Million, One-Hundred Thirty-Eight Thousand and One-Hundred and Forty-Three Dollars (\$1,138,143), to meet its administrative and other operating expenses, in order to assist the Redevelopment Agency to carry out its functions under the Community Redevelopment Law and to assist with implementation of the Redevelopment Plan; and

WHEREAS, Assembly Bill 1X 26 ("AB 26"), enacted as part of the 2011-2012 State of California budget bill, and as modified by the Supreme Court of the State of California in the matter of *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861, dissolved and set out procedures for the wind-down of all redevelopment agencies throughout the State effective February 1, 2012, and in June 2012, the California Legislature adopted Assembly Bill 1484 ("AB 1484," and collectively with AB 26, the "Dissolution Act") further modifying some of the procedures set forth in AB 26, and adding certain other procedures and requirements for the dissolution and wind-down of redevelopment agencies; and

WHEREAS, the Successor Agency is the successor entity to the former Redevelopment Agency and, pursuant to the Dissolution Act, is responsible for the wind-down of the former Redevelopment Agency, including without limitation the performance and repayment of all enforceable obligations of the former Redevelopment Agency; and

WHEREAS, Health and Safety Code Section 34171(d)(2), as modified by AB 1484, provides, with a few exceptions, that "enforceable obligation" does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency; and

WHEREAS, Health and Safety Code Section 34179.7, added by AB 1484, provides that upon completion of certain requirements and payment of certain amounts as required by Sections 34179.6 and 34183.5, the Department of Finance ("DOF") shall issue, within five business days, a finding of completion of the requirements of Section 34179.6 to the successor agency; and

WHEREAS, Health and Safety Code Section 34191.4, also added by AB 1484, provides in part that, following issuance of a finding of completion by DOF, and upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes; and

WHEREAS, in addition to establishing when a loan agreement will be deemed to be an enforceable obligation, Section 34191.4 further establishes certain restrictions and limitations on, among other things, the calculation of interest on the remaining principal amount of the loan, the amounts that can be repaid from time to time under the loan agreement, and requires that twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to a Low and Moderate Income Housing Asset Fund; and

WHEREAS, the Successor Agency has received a finding of completion from DOF and, as such, the City and Successor Agency have prepared a Ratification and Amendment to the Loan Agreement ("Amendment") in order to ratify the existence and validity of the Loan Agreement, and to establish their understanding and agreement as to the limitations and restrictions that will apply to the repayment to the City of all amounts due and owing the City by the former Redevelopment Agency under the Loan Agreement pursuant to the Dissolution Act; and

WHEREAS, the Oversight Board is the oversight board to the Successor Agency and, pursuant to the Dissolution Act, is responsible to oversee the actions of the Successor Agency in the wind-down of the former Redevelopment Agency, including without limitation the performance and repayment of all enforceable obligations of the former Redevelopment Agency.

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LAKE FOREST, DOES HEREBY RESOLVE AS FOLLOWS:

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

Section 2. Finding. The Oversight Board hereby finds and determines that the loans and advance of funds by the City to the former Redevelopment Agency under the Loan Agreement was for legitimate redevelopment purposes. This finding is based on the following:

a. The amounts due and owing to the City under the Loan Agreement reflect the reimbursement to the City for costs incurred by the City to provide staff assistance, supplies, technical services and other services and facilities to the Redevelopment Agency during the redevelopment plan adoption process, and in implementing the Redevelopment Plan following its adoption, up to the dissolution of the Redevelopment Agency under the Dissolution Act.

b. Health and Safety Code Section 33127 provides a redevelopment agency with the power to obtain, hire, purchase or rent office space, equipment, supplies, insurance or services in order to carry out its redevelopment activities. Health and Safety Code Section 33133 authorizes a redevelopment agency to accept assistance from any public or private source for the redevelopment agency's activities, powers and duties.

c. The Redevelopment Agency was established for the purpose of improving, rehabilitating and redeveloping the blighted areas constituting the Redevelopment Project Area pursuant to the adopted Redevelopment Plan, and the Redevelopment Agency entered into the Loan Agreement with the City in order to obtain the staffing services, equipment and facilities required to carry out its duties under the Community Redevelopment Law and the Redevelopment Plan.

d. The amounts loaned to or advanced on behalf of the Redevelopment Agency under the Loan Agreement were loaned or advanced to the Redevelopment Agency to further the Redevelopment Agency's redevelopment activities.

Section 3. Approval of Loan Agreement. The Oversight Board hereby approves the Ratification and Amendment to Loan Agreement between the City of Lake Forest and the Successor Agency to the Lake Forest Redevelopment Agency, in substantially the form currently on file with the City Clerk.

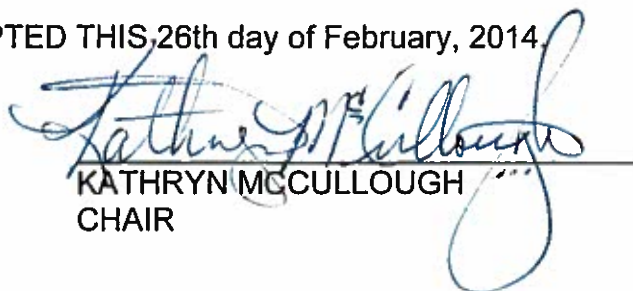
Section 4. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 5. Certification. The Secretary to the Successor Agency, acting on behalf of the Oversight Board, shall certify to the adoption of this Resolution.

Section 6. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective

for five (5) business days, pending a request for review by the State of California Department of Finance.

PASSED, APPROVED AND ADOPTED THIS 26th day of February, 2014.


KATHRYN MCCULLOUGH
CHAIR

ATTEST:


STEPHANIE D. SMITH, CMC
BOARD SECRETARY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF LAKE FOREST)

I, Stephanie D. Smith, CMC, Oversight Board Secretary, do hereby certify that the foregoing Resolution No. OB2014-03 was duly introduced and adopted at a regular meeting of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Lake Forest on the 26th day of February, 2014 by the following vote, to wit:

AYES: OVERSIGHT BOARD MEMBERS: WOODINGS, JONES, KAUFMAN, MCCORD, PARTIDA SHIN-HEYDORN, MCCULLOUGH

NOES: OVERSIGHT BOARD MEMBERS: NONE

ABSENT: OVERSIGHT BOARD MEMBERS: NONE

ABSTAIN: OVERSIGHT BOARD MEMBERS: NONE


STEPHANIE. D. SMITH, CMC
BOARD SECRETARY

I declare under penalty of perjury that the foregoing instrument is a full, true and correct copy of the original on file in this office.

ATTEST: 
Martha Halvorson, Assistant City Clerk
of the city of Lake Forest

DATED: February 27, 2014

**RATIFICATION AND AMENDMENT TO LOAN AGREEMENT
BETWEEN THE CITY OF LAKE FOREST AND THE
LAKE FOREST REDEVELOPMENT AGENCY**

THIS RATIFICATION AND AMENDMENT TO LOAN AGREEMENT (this "Amendment") is entered into this 18th day of February, 2014, by and between the CITY OF LAKE FOREST, a municipal corporation (the "City"), and the SUCCESSOR AGENCY TO THE FORMER LAKE FOREST REDEVELOPMENT AGENCY, a public body, corporate and politic (the "Successor Agency").

RECITALS

The City and the Successor Agency (individually, a "Party" and collectively, the "Parties") enter into this Amendment with reference to the following facts and circumstances:

A. Pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.), the City Council of City activated the Lake Forest Redevelopment Agency (the "Redevelopment Agency") and subsequently adopted the Redevelopment Plan for the El Toro Project Area (the "Redevelopment Plan").

B. On or about June 15, 2010, the City and Redevelopment Agency re-entered into and extended the repayment date of a Loan Agreement pursuant to City Resolution No. 2010-15 ("Loan Agreement"), whereby the City agreed to provide to the Redevelopment Agency a loan in the amount of One-Million, One-Hundred Thirty-Eight Thousand and One-Hundred and Forty-Three Dollars (\$1,138,143) to meet its administrative and other operating expenses, in order to assist the Redevelopment Agency to carry out its functions under the Community Redevelopment Law and to assist with implementation of the Redevelopment Plan.

C. Assembly Bill 1X 26 ("AB 26"), enacted as part of the 2011-2012 State of California budget bill, and as modified by the Supreme Court of the State of California in the matter of *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 ("Legal Action"), dissolved and set out procedures for the wind-down of all redevelopment agencies throughout the State effective February 1, 2012. In June 2012, the California Legislature adopted Assembly Bill 1484 ("AB 1484," and collectively with AB 26, the "Dissolution Act") further modifying some of the procedures set forth in AB 26, and adding certain other procedures and requirements for the dissolution and wind-down of redevelopment agencies.

D. The Successor Agency is the successor entity to the former Redevelopment Agency and, pursuant to the Dissolution Act, is responsible for the wind-down of the former Redevelopment Agency, including without limitation the performance and repayment of all enforceable obligations of the former Redevelopment Agency.

E. Health and Safety Code Section 34171(d)(2), as modified by AB 1484, provides, with a few exceptions, that "enforceable obligation" does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency.

F. Health and Safety Code Section 34179.7, added by AB 1484, provides that upon completion of certain requirements and payment of certain amounts as required by Sections 34179.6 and 34183.5, the Department of Finance ("DOF") shall issue, within five business days, a finding of completion of the requirements of Section 34179.6 to the successor agency. Health and Safety Code Section 34191.4, also added by AB 1484, provides in part that, following issuance of a finding of completion by DOF, and upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county or city and county that created the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.

G. In addition to establishing when a loan agreement will be deemed to be an enforceable obligation, Section 34191.4 further establishes certain restrictions and limitations on, among other things, the calculation of interest on the remaining principal amount of the loan, the amounts that can be repaid from time to time under the loan agreement, and requires that twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to a Low and Moderate Income Housing Asset Fund.

H. The Successor Agency has received a finding of completion by DOF and, as such, the parties desire to enter into this Amendment in order to ratify the existence and validity of the Loan Agreement, and to establish their understanding and agreement as to the limitations and restrictions that will apply to the repayment to the City of all amounts due and owing the City by the former Redevelopment Agency under the Loan Agreement pursuant to the Dissolution Act.

AMENDMENT

NOW, THEREFORE, for good and valuable consideration, including the mutual promises and covenants contained herein, the Parties mutually agree as follows:

1. Purpose. The purpose of this Amendment is (a) to ratify the existence and validity of the Loan Agreement, and (b) to establish the understanding and agreement of the parties as to the limitations and restrictions that will apply to the repayment to the City of all amounts due and owing the City by the former Redevelopment Agency under the Loan Agreement pursuant to the Dissolution Act.

2. Loan Amount. The outstanding principal amount owed to the City under the Loan Agreement as of February 1, 2012 (the date of dissolution of the former Redevelopment Agency), is \$1,138,143.

3. Loan was for Legitimate Redevelopment Purposes. The parties acknowledge and agree that the amounts due to the City under the Loan Agreement reflect:

a. Amounts due and owing to the City to reimburse the City for costs incurred by the City to provide staff assistance, supplies, technical services and other services and facilities to the Redevelopment Agency in implementing the Redevelopment Plan. Health and Safety Code Section 33127 provides a redevelopment agency with the power to obtain, hire, purchase or rent office space, equipment, supplies, insurance or services in order to carry out its redevelopment activities. Health and Safety Code Section 33133 authorizes a redevelopment agency to accept assistance from any public or private source for the agency's activities, powers and duties. The Redevelopment Agency was established for the purpose of improving, rehabilitating and redeveloping the blighted areas constituting the Redevelopment Project Area pursuant to the adopted Redevelopment Plan, and the Redevelopment Agency entered into the Loan Agreement with the City in order to obtain the staffing services, equipment and facilities required to carry out its duties under the Community Redevelopment Law and the Redevelopment Plan.

b. Repayment to the City of amounts loaned to or advanced on behalf of the Redevelopment Agency to further the Redevelopment Agency's redevelopment activities.

4. Conditions Precedent to Repayment. The Parties understand and agree that, pursuant to the Dissolution Act, the Loan Agreement will be deemed to be an "enforceable obligation" only after completion of the following actions:

a. The Successor Agency shall have been issued a finding of completion by DOF pursuant to Health and Safety Code Section 34179.7; and

b. The Successor Agency shall have applied for and the Oversight Board shall have approved the Loan Agreement, and made a finding that the loan of funds to the Redevelopment Agency under the Loan Agreement was for legitimate redevelopment purposes.

The Parties acknowledge and agree that DOF has issued a finding of completion to the Successor Agency pursuant to Health and Safety Code Section 34179.7. The Successor Agency and City shall cooperate in providing any documentation and evidence to the Oversight Board as necessary to obtain from the Oversight Board approval of the Loan Agreement, together with a finding that the loan of funds by the City to the former Redevelopment Agency under the Loan Agreement was for legitimate redevelopment purposes.

5. The Parties acknowledge and agree that the repayment of amounts owing to the City under the Loan Agreement shall be subject to the limitations and restrictions set forth in Health and Safety Code Section 34191.4(b).


[Signatures on following page]

IN WITNESS WHEREOF, the City and Successor Agency have executed this Amendment as of the date first set forth above.

CITY OF LAKE FOREST

By: 
Robert C. Dunek
City Manager


APPROVED AS TO FORM:

By: 
Stephanie D. Smith
City Clerk

**SUCCESSOR AGENCY TO THE
FORMER LAKE FOREST
REDEVELOPMENT AGENCY**

By: 
Robert C. Dunek
Executive Director

APPROVED AS TO FORM:

By: 
Stephanie D. Smith
Secretary to the Successor Agency
Board