

OVERSIGHT BOARD
OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF PALMDALE

COUNTY OF LOS ANGELES, CALIFORNIA

RESOLUTION NO. OB 2012-015

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE APPROVING LOAN AGREEMENT NO. A-4110 BETWEEN THE CITY OF PALMDALE AND THE SUCCESSOR AGENCY IN ORDER FOR THE SUCCESSOR AGENCY TO PAY CERTAIN OBLIGATIONS AND ADMINISTRATIVE COSTS

WHEREAS, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos*, finding Assembly Bill x1 26 (the "**Dissolution Act**") largely constitutional; and

WHEREAS, under the Dissolution Act and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Community Redevelopment Agency of the City of Palmdale (the "**Former Agency**"), were dissolved on February 1, 2012; and

WHEREAS, the City Council of the City of Palmdale (the "**City Council**") adopted a resolution accepting for the City the role of Successor Agency to the Former Agency. As the Successor Agency, the City administers winding down the former redevelopment agency and provides that the former redevelopment agency's "enforceable obligations" are paid, including debt service on outstanding bonds, other third party contracts and a limited amount of administrative costs (the "**Administrative Cost Allowance**"); and

WHEREAS, the Dissolution Act was amended when the Governor signed Assembly Bill 1484 ("**AB 1484**") on June 27, 2012; and

WHEREAS, in the spring of 2011 the Former Agency received tax increment to pay enforceable obligations, however the balance of the Former Agency's unexpended tax increment received were insufficient to pay enforceable obligations, including certain tax allocation bond payments that were due prior to the next anticipated receipt of tax increment in December 2011 and had to rely on the City to provide cashflow to the Former Agency to meet certain enforceable obligations; and

WHEREAS, prior to the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, on or about July 18, 2011, the

California Supreme Court issued a stay of many provisions of the Dissolution Act, but did not stay the prohibition against incurring new debt. The Former Agency was therefore unable to formally adopt an agreement to repay the City for the advance of money required to pay the enforceable obligations. In addition, the California Supreme Court had not yet ruled on the constitutionality of the Dissolution Act, and the Former Agency had "opted in" to an alternative voluntary redevelopment program in lieu of dissolution of the redevelopment agency, the Former Agency and the City were assuming in good faith that the cashflow advance would be reimbursed when the Former Agency received its distribution of tax increment in December 2011. With the dissolution of the Former Agency, the obligation to reimburse the City for this cashflow advance is now an appropriate obligation of the Successor Agency; and

WHEREAS, pursuant to Health and Safety Code Section 34173(h), the city that authorized the creation of a redevelopment agency may loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion, but the receipt and use of these funds shall be reflected on the Recognized Obligation Payment Schedule ("**ROPS**") or the administrative budget and therefore are subject to the oversight and approval of the oversight board. An enforceable obligation shall be deemed to be created for the repayment of those loans; and

WHEREAS, pursuant to Health and Safety Code Section 34177.3(a), successor agencies shall lack the authority to, and shall not, create new enforceable obligations under the authority of the Dissolution Act or begin new redevelopment work, except in compliance with an enforceable obligation that existed prior to June 28, 2011. The advance of money described above was used to pay enforceable obligations that were incurred prior to June 28, 2011; and

WHEREAS, pursuant to Health and Safety Code Section 34177.3(b), successor agencies may create enforceable obligations to conduct the work of winding down the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance; and

WHEREAS, the Dissolution Act also requires that the Successor Agency prepare a ROPS for each six-month period setting forth all enforceable obligations of the Successor Agency, including an Administrative Cost Allowance as well as other approved project expenditures. Due to lack of funding in the period of January 1 through June 30, 2012 to fund the entire Administrative Cost Allowance and certain project expenditures shown on the ROPS for that period, the City was once again required to provide a cashflow advance to make payments on these enforceable obligations. This amount of the advance was \$959,364. Since AB 1484 (which allows such advances to be approved and documented under certain circumstances) was not adopted until the end of June

2012, the Successor Agency could not enter into a reimbursement or loan agreement at the time of the expenditure. After the adoption of AB 1484, the obligation to reimburse the City for this cashflow advance is now an appropriate obligation of the Successor Agency; and

WHEREAS, the Successor Agency will face the same situation for the period January 1 through June 30, 2013 with respect to payment of its Administrative Cost Allowance in that there will not be enough revenue available to meet all third party contracts and to pay the administrative expenses. Therefore, the City desires to loan a cashflow advance component of \$325,945 for the Successor Agency's Administrative Cost Allowance shown on the ROPS adopted for the period January 1 through June 30, 2013; and

WHEREAS, to enable the Successor Agency to meet its fiduciary responsibilities to holders of enforceable obligations and for the Successor Agency to have adequate funds for administration costs and other obligations, the City desires to loan to the Successor Agency an amount not to exceed \$7,889,081.28; and

WHEREAS, the oversight board has been established for the Successor Agency (hereinafter referred to as the "**Oversight Board**") and all seven (7) members have been appointed to the Oversight Board pursuant to California Health and Safety Code Section 34179. The duties and responsibilities of the Oversight Board are set forth in Health and Safety Code Sections 34179 through 34181 of the Dissolution Act; and

WHEREAS, subject to Oversight Board approval, the Successor Agency may enter into proposed Loan Agreement No. A-4110 (the "Loan Agreement") with the City pursuant to the authority granted by Health and Safety Code Sections 33220, 34173(h), 34177.3 and 34180(h); and

WHEREAS, the City and the Successor Agency have determined that entering into the proposed Loan Agreement is in the best interests of the City and the Successor Agency.

WHEREAS, after reviewing the terms of the proposed Loan Agreement between the City and the Successor Agency, the Loan from the City to the Successor Agency, and the Successor Agency's repayment of such Loan as presented to and recommended for approval to the Oversight Board by the Successor Agency, and after reviewing any written and oral comments from the public relating thereto, the Oversight Board desires to approve the terms of the Loan and the proposed Loan Agreement and to make the following accompanying findings, resolutions and determinations.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS by the Oversight Board to the Successor Agency to the Community Redevelopment Agency of the City of Palmdale that:

Section 1. The foregoing recitals are true and correct.

Section 2. The Oversight Board hereby finds and determines that the proposed Loan Agreement and the Loan are necessary for the Successor Agency to meet its fiduciary responsibilities for the purpose of paying the obligations set forth in the Loan Agreement.

Section 3. The Oversight Board hereby approves: (i) the proposed Loan Agreement as an enforceable obligation under the Dissolution Act, wherein the City would provide the Loan to the Successor Agency for the purpose of paying the obligations set forth in the Loan Agreement; and (ii) the Successor Agency's repayment of the Loan from the City in each six (6) month period with a pledge of property taxes payable from the Redevelopment Property Tax Trust Fund, at an interest rate on the Loan equal to the rate applicable to funds on deposit in the Local Agency Investment Fund.

Section 4. The Oversight Board hereby authorizes the Successor Agency to execute the proposed Loan Agreement between the Successor Agency and the City consistent with the terms of the Loan Agreement and the Loan approved by this Resolution, including without limitation the City's advance of the Loan in the amount not to exceed \$7,889,081.28; and (ii) the Successor Agency's repayment of the Loan from the City in each six (6) month period with a pledge of property taxes payable from the Redevelopment Property Tax Trust Fund, at an interest rate on the Loan equal to the rate applicable to funds on deposit in the Local Agency Investment Fund.

Section 5. This Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

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Section 6. The Board Clerk shall certify as to the adoption of this Resolution.

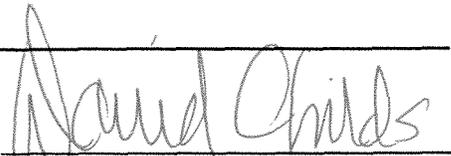
PASSED, APPROVED and ADOPTED this 27th day of September, 2012, by the following vote:

AYES: Childs, Walter, Fisher, Blalock, McElroy and Walker

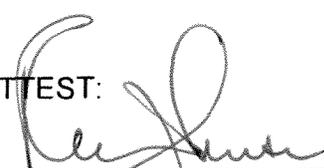
NOES: None

ABSTAIN: None

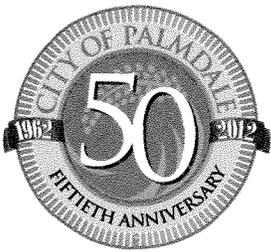
ABSENT: Board Member Scott



David Childs
Chair

ATTEST: 

Rebecca J. Smith
Board Clerk



PALMDALE

a place to call home

SUCCESSOR AGENCY
TO THE COMMUNITY
REDEVELOPMENT
AGENCY OF THE
CITY OF PALMDALE

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE

SECRETARY'S CERTIFICATE

JAMES C. LEDFORD, JR.
Chair

STEVEN D. HOFBAUER
Vice Chair

LAURA BETTENCOURT
Director

MIKE DISPENZA
Director

TOM LACKEY
Director

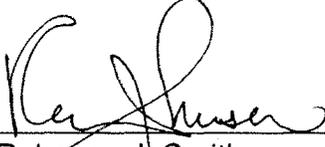
I, Rebecca J. Smith, Secretary of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale, State of California, do hereby certify as follows:

The attached is a full, true, and correct copy of the staff report presented at the September 26, 2012 Successor Agency to the Community Redevelopment Agency of the City of Palmdale Special Meeting and entitled:

Approve Loan Agreement No. A-4110 between the City and the Successor Agency to the Community Redevelopment Agency of the City of Palmdale in order for the Successor Agency to Pay certain enforceable obligations.

I further certify that I have carefully compared the same with the staff report on file and of record in my office and that said staff report is a full, true, and correct copy of the original staff report approved at said meeting.

WITNESS my hand and the seal of the City of Palmdale this 8th day of October 2012.



Rebecca J. Smith
Secretary

38250 Sierra Highway

Palmdale, CA 93550-4798

Tel: 661/267-5125

Fax: 661/267-5155

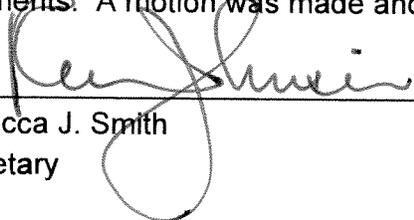
TDD: 661/267-5167

Auxiliary aids provided for

communication accessibility

upon 72 hours notice and request.

Assistant Director of Finance Johnston presented the staff report and asked the Agency to amend Resolution No. SA 2012-027 from five (5) members to seven (7) members. Executive Director Childs spoke regarding the loan agreement. Council asked questions of staff and staff responded. There were no public comments. A motion was made and carried unanimously to adopt Resolution SA 2012-027 as amended.



Rebecca J. Smith
Secretary

DATE: September 26, 2012

SUBJECT: Approve Loan Agreement No. A-4110 between the City and the Successor Agency to the Community Redevelopment Agency of the City of Palmdale in order for the Successor Agency to Pay Certain Enforceable Obligations

ISSUING DEPARTMENT: Finance Department

SUMMARY

Issues:

Should the Successor Agency adopt Resolution No. SA 2012-027 approving Loan Agreement No. A-4110 between the City and the Successor Agency to the Community Redevelopment Agency of the City of Palmdale in order for the Successor Agency to Pay Certain Enforceable Obligations?

Recommendation:

Adopt Resolution No. SA 2012-027 approving Loan Agreement No. A-4110 between the City and the Successor Agency to the Community Redevelopment Agency of the City of Palmdale in order for the Successor Agency to Pay Certain Enforceable Obligations.

Fiscal Impact:

An amount of \$7,889,081.28 to be loaned from City General Fund and/or Special Revenue Funds to the Successor Agency on a short-term basis to be repaid from Successor Agency RPTTF cash flow.

BACKGROUND

The State Legislature adopted AB X1 26 in June 2011 and AB 1484 in June 2012 (the "Legislation") relating to the dissolution of redevelopment agencies on February 1, 2012. Pursuant to the Legislation, the City elected to act as Successor Agency to the former Community Redevelopment Agency of the City of Palmdale. As the Successor Agency, the City administers winding down the former redevelopment agency and provides that the former redevelopment agency's "enforceable obligations" are paid. "Enforceable Obligations" include debt service on outstanding bonds, other third party contracts, and a limited amount of administrative costs ("the "Administrative Cost Allowance").

The Legislation has had a significant, perhaps unintended, impact on the former Redevelopment Agency's and on the Successor Agency's ability to pay Enforceable Obligations. Much of this impact is related to the timing of tax increment receipts and the State's assumption in drafting the Legislation that former redevelopment agency enforceable obligation payments due, and reasonable or necessary administrative costs due or incurred, prior to January 1, 2012, were to be made from property tax revenues received in the spring of 2011 property tax distribution, and from other revenues and balances transferred to the successor agency.

The balance of the former Redevelopment Agency's unexpended tax increment received in the spring of 2011 were insufficient to set aside funds to pay certain tax allocation bond payments that were due prior to the next anticipated receipt of tax increment in December 2011. A contributing factor was the unanticipated withholding by the County of approximately \$2.3 million in tax increment relating to property taxes previously paid to the redevelopment agency. The amount was withheld by the County for the purpose of refunding those taxes back to the hospital. This refund arose as a result of the hospital subdividing their parcel, which then led to the County process of refunding the entire \$2.3 million and re-billing that amount between the two subdivided parcels in the next tax year. This revenue should ultimately be made available to the Successor Agency. However, in the meantime, the redevelopment agency had to rely on the City to provide cash flow to meet the following Enforceable Obligations, all of which were incurred prior to June 28, 2011:

- September 1, 2011 Debt Service in the amount of \$1,375,330.32 on Community Redevelopment Agency of the City of Palmdale Tax Allocation Refunding Revenue Note, 2010 Series A (Tax-Exempt)(Redevelopment Project Area No. 1), and the Community Redevelopment Agency of the City of Palmdale Tax Allocation Refunding Revenue Note, 2010 Series B (Taxable)(Redevelopment Project Area No. 1);

- September 1, 2011 Debt Service in the amount of \$190,000 under Loan Agreement relating to Palmdale Civic Authority 1994 Revenue Bonds, Series A (Merged Redevelopment Project Areas);
- September 1, 2011 Debt Service in the amount of \$1,296,000 on Community Redevelopment Agency of the City of Palmdale 1998 Tax Allocation Refunding Bonds (Merged Redevelopment Project Areas);
- September 1, 2011 Debt Service in the amount of \$734,875 on Community Redevelopment Agency of the City of Palmdale 2004 Tax Allocation Refunding Bonds, Series A (Merged Redevelopment Project Areas);
- December 1, 2011 Debt Service in the amount of \$177,225 on Community Redevelopment Agency of the City of Palmdale 1999 Subordinate Lien Tax Allocation Bonds (Merged Redevelopment Project Areas); and
- December 1, 2011 Debt Service in the amount of \$282,552.50 on Community Redevelopment Agency of the City of Palmdale 2004 Subordinate Lien Tax Allocation Bonds (Merged Redevelopment Project Areas).
- Tax Sharing accrued and payable for Fiscal Year 2010-11 due under contractual agreements entered into pursuant to Section 33401 of the Health & Safety Code (the "Code") or statutory provisions of Section 33607.7 of the Code to (1) AVEK Water Agency, (2) Palmdale School District, (3) AV Union High School District, (4) Antelope Valley College District and (5) various other taxing agencies in the combined amount of \$2,547,789.46.

On July 18, 2011, the California Redevelopment Association and the League of California Cities filed a petition with the California Supreme Court (the "Court"), requesting the Court to review the constitutionality of AB X1 26. At that time, the Court issued a stay of many provisions of the Code, but did not stay the prohibition in AB X1 26 against incurring new debt. The redevelopment agency was therefore unable to formally adopt an agreement to repay the City for the advance of money required to pay the Enforceable Obligations described above. Further, since the Court had not yet ruled on the constitutionality of AB X1 26, and the Agency had "opted in" to an alternative voluntary redevelopment program in lieu of dissolution of the redevelopment agency, the former redevelopment agency and the City were assuming in good faith that the cash flow advance would be reimbursed when the former redevelopment agency received its distribution of tax increment in December 2011. With the dissolution of the redevelopment agency, the obligation to reimburse the City for this cash flow advance is now an appropriate obligation of the Successor Agency.

In June 2012, AB 1484 added Section 34173(h) to the Health & Safety Code (the "Code"), which provides that the city that authorized the creation of a redevelopment agency may loan or grant funds to a Successor Agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion, but the receipt and use of these funds shall be reflected on the Recognized Obligation Payment Schedule or the administrative budget and therefore are subject to the oversight and approval of the oversight board. An enforceable obligation shall be deemed to be created for the repayment of those loans.

Further, Section 34177.3 of the Code states that successor agencies shall lack the authority to, and shall not, create new enforceable obligations or begin new redevelopment work, *except in compliance with an enforceable obligation that existed prior to June 28, 2011*, and that successor agencies may create enforceable obligations to conduct the work of winding down the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance. The advance of money described above was used to pay the Enforceable Obligations listed above that were incurred prior to June 28, 2011.

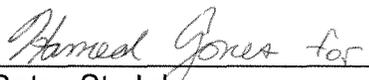
The Legislation also requires that the Successor Agency prepare a Recognized Obligation Payment Schedule ("ROPS") for each six-month period setting forth all Enforceable Obligations of the Successor Agency. Enforceable Obligations include an Administrative Cost Allowance as well as other approved project expenditures. Due to lack of funding in the period of January 1 through June 30, 2012 to fund the entire Administrative Cost Allowance and certain project expenditures shown on the ROPS for that period, the City was once again required to provide a cash flow advance to make payments on these Enforceable Obligations. This amount of the advance was \$959,364. Since AB 1484 (which allows such advances to be approved and documented under certain circumstances) was not adopted until the end of June 2012, the Successor Agency could not enter into a reimbursement or loan agreement at the time of the expenditure. Again, after the adoption of AB 1484, the obligation to reimburse the City for this cash flow advance is now an appropriate obligation of the Successor Agency.

Finally, the Successor Agency will face the same situation for the period January 1 through June 30, 2013 with respect to payment of its Administrative Cost Allowance. There simply will not be enough revenue available to meet all third party contracts and to pay the administrative expenses. Therefore, the loan will include a cash flow advance component of \$325,945 for the Successor Agency's Administrative Cost Allowance shown on the ROPS adopted for the period January 1 through June 30, 2013.

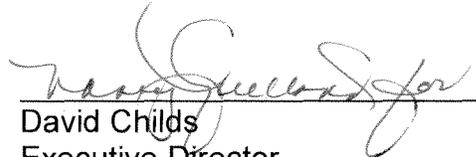
The City's General Fund reserves have been used to provide the cash flow requirements of the former Redevelopment Agency and Successor Agency to pay Enforceable Obligations over the last 15 months and the City currently has unencumbered funds in certain special revenue funds that are available to be used to make the short-term loan to the Successor Agency. Staff expects that the funds can be repaid by the Successor Agency within 36 months, based on its future cash flow estimates. A repayment schedule has been included in the Loan Agreement. The repayment is not subject to the restrictions of Section 34191.4(b) or 34176(e)(6)(B) of the Code and would be paid from first available RPTTF funds not required for other Enforceable Obligations. Interest on the loan shall accrue until such time as the Loan is repaid in full, at a rate equal to the interest rate applicable to funds on deposit in the Local Agency Investment Fund, compounded annually.

Submitted by:

Reviewed by:



Betsy St. John
Treasurer



David Childs
Executive Director



PALMDALE

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SUCCESSOR AGENCY
TO THE COMMUNITY
REDEVELOPMENT
AGENCY OF THE
CITY OF PALMDALE

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE

SECRETARY'S CERTIFICATE

JAMES C. LEDFORD, JR.
Chair

STEVEN D. HOFBAUER
Vice Chair

LAURA BETTENCOURT
Director

MIKE DISPENZA
Director

TOM LACKEY
Director

I, Rebecca J. Smith, Secretary of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale, State of California, do hereby certify as follows:

The attached is a full, true, and correct copy of Resolution No. SA 2012-027 adopted at the Special Meeting of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale duly held at the regular meeting place thereof, on September 26, 2012, at which meeting all of the members of said Board of Directors of the Successor Agency had due notice and at which a majority thereof was present.

I further certify that I have carefully compared the same with the original Resolution No. SA 2012-027 on file and of record in my office and that said Resolution No. SA 2012-027 is a full, true, and correct copy of the original Resolution No. SA 2012-027 adopted at said meeting.

At said meeting, Resolution No. SA 2012-027 was adopted by the following vote:

AYES: Chair Ledford, Vice Chair Hofbauer, Directors Lackey, Bettencourt and Dispenza
NOES: None
ABSTAIN: None
ABSENT: None

WITNESS my hand and the seal of the City of Palmdale this 8th day of October 2012.

Rebecca J. Smith
Secretary

38250 Sierra Highway

Palmdale, CA 93550-4798

Tel: 661/267-5125

Fax: 661/267-5155

TDD: 661/267-5167

Auxiliary aids provided for

communication accessibility

upon 72 hours notice and request.

SUCCESSOR AGENCY
TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF
PALMDALE

COUNTY OF LOS ANGELES, CALIFORNIA

RESOLUTION NO. SA 2012-027

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE APPROVING LOAN AGREEMENT NO. A-4110 BETWEEN THE CITY OF PALMDALE AND THE SUCCESSOR AGENCY IN ORDER FOR THE SUCCESSOR AGENCY TO PAY CERTAIN OBLIGATIONS AND ADMINISTRATIVE COSTS

WHEREAS, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos*, finding Assembly Bill x1 26 (the "**Dissolution Act**") largely constitutional; and

WHEREAS, under the Dissolution Act and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Community Redevelopment Agency of the City of Palmdale (the "**Former Agency**"), were dissolved on February 1, 2012; and

WHEREAS, the City Council of the City of Palmdale (the "**City Council**") adopted a resolution accepting for the City the role of Successor Agency to the Former Agency. As the Successor Agency, the City administers winding down the former redevelopment agency and provides that the former redevelopment agency's "enforceable obligations" are paid, including debt service on outstanding bonds, other third party contracts and a limited amount of administrative costs (the "**Administrative Cost Allowance**"); and

WHEREAS, the Dissolution Act was amended when the Governor signed Assembly Bill 1484 ("**AB 1484**") on June 27, 2012; and

WHEREAS, in the spring of 2011 the Former Agency received tax increment to pay enforceable obligations, however the balance of the Former Agency's unexpended tax increment received were insufficient to pay enforceable obligations, including certain tax allocation bond payments that were due prior to the next anticipated receipt of tax increment in December 2011 and had to rely on the City to provide cashflow to the Former Agency to meet certain enforceable obligations; and

WHEREAS, prior to the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, on or about July 18, 2011, the California Supreme Court issued a stay of many provisions of the Dissolution Act,

but did not stay the prohibition against incurring new debt. The Former Agency was therefore unable to formally adopt an agreement to repay the City for the advance of money required to pay the enforceable obligations. In addition, the California Supreme Court had not yet ruled on the constitutionality of the Dissolution Act, and the Former Agency had "opted in" to an alternative voluntary redevelopment program in lieu of dissolution of the redevelopment agency, the Former Agency and the City were assuming in good faith that the cashflow advance would be reimbursed when the Former Agency received its distribution of tax increment in December 2011. With the dissolution of the Former Agency, the obligation to reimburse the City for this cashflow advance is now an appropriate obligation of the Successor Agency; and

WHEREAS, pursuant to Health and Safety Code Section 34173(h), the city that authorized the creation of a redevelopment agency may loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion, but the receipt and use of these funds shall be reflected on the Recognized Obligation Payment Schedule ("**ROPS**") or the administrative budget and therefore are subject to the oversight and approval of the oversight board. An enforceable obligation shall be deemed to be created for the repayment of those loans; and

WHEREAS, pursuant to Health and Safety Code Section 34177.3(a), successor agencies shall lack the authority to, and shall not, create new enforceable obligations under the authority of the Dissolution Act or begin new redevelopment work, except in compliance with an enforceable obligation that existed prior to June 28, 2011. The advance of money described above was used to pay enforceable obligations that were incurred prior to June 28, 2011; and

WHEREAS, pursuant to Health and Safety Code Section 34177.3(b), successor agencies may create enforceable obligations to conduct the work of winding down the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance; and

WHEREAS, the Dissolution Act also requires that the Successor Agency prepare a ROPS for each six-month period setting forth all enforceable obligations of the Successor Agency, including an Administrative Cost Allowance as well as other approved project expenditures. Due to lack of funding in the period of January 1 through June 30, 2012 to fund the entire Administrative Cost Allowance and certain project expenditures shown on the ROPS for that period, the City was once again required to provide a cashflow advance to make payments on these enforceable obligations. This amount of the advance was \$959,364. Since AB 1484 (which allows such advances to be approved and documented under certain circumstances) was not adopted until the end of June 2012, the Successor Agency could not enter into a reimbursement or loan

agreement at the time of the expenditure. After the adoption of AB 1484, the obligation to reimburse the City for this cashflow advance is now an appropriate obligation of the Successor Agency; and

WHEREAS, the Successor Agency will face the same situation for the period January 1 through June 30, 2013 with respect to payment of its Administrative Cost Allowance in that there will not be enough revenue available to meet all third party contracts and to pay the administrative expenses. Therefore, the City desires to loan a cashflow advance component of \$325,945 for the Successor Agency's Administrative Cost Allowance shown on the ROPS adopted for the period January 1 through June 30, 2013; and

WHEREAS, to enable the Successor Agency to meet its fiduciary responsibilities to holders of enforceable obligations and for the Successor Agency to have adequate funds for administration costs and other obligations, the City desires to loan to the Successor Agency an amount not to exceed \$7,889,081.28; and

WHEREAS, the oversight board has been established for the Successor Agency (hereinafter referred to as the "**Oversight Board**") and all seven (7) members have been appointed to the Oversight Board pursuant to California Health and Safety Code Section 34179. The duties and responsibilities of the Oversight Board are set forth in Health and Safety Code Sections 34179 through 34181 of the Dissolution Act; and

WHEREAS, subject to Oversight Board approval, the Successor Agency may enter into proposed Loan Agreement No. A-4110 (the "Loan Agreement") with the City pursuant to the authority granted by Health and Safety Code Sections 33220, 34173(h), 34177.3 and 34180(h); and

WHEREAS, the City and the Successor Agency have determined that entering into the proposed Loan Agreement is in the best interests of the City and the Successor Agency.

WHEREAS, after reviewing the terms of the proposed Loan Agreement between the City and the Successor Agency, the Loan from the City to the Successor Agency, and the Successor Agency's repayment of such Loan, and after reviewing any written and oral comments from the public relating thereto, the Successor Agency desires, subject to approval by the Oversight Board, to approve the terms of the Loan and the proposed Loan Agreement and to make the following accompanying findings, resolutions and determinations.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS by the Successor Agency to the Community Redevelopment Agency of the City of Palmdale that:

Section 1. The foregoing recitals are true and correct.

Section 2. The Successor Agency hereby finds and determines that the proposed Loan Agreement and the Loan are necessary for the Successor Agency to meet its fiduciary responsibilities for the purpose of paying the obligations set forth in the Loan Agreement.

Section 3. The Successor Agency hereby approves: (i) the proposed Loan Agreement as an enforceable obligation under the Dissolution Act, wherein the City would provide the Loan to the Successor Agency for the purpose of paying the obligations set forth in the Loan Agreement; and (ii) the Successor Agency's repayment of the Loan from the City in each six (6) month period with a pledge of property taxes payable from the Redevelopment Property Tax Trust Fund, at an interest rate on the Loan equal to the rate applicable to funds on deposit in the Local Agency Investment Fund.

Section 4. The Successor Agency hereby authorizes the Executive Director to execute the proposed Loan Agreement with the City consistent with the terms of the Loan Agreement and the Loan approved by this Resolution, including without limitation the City's advance of the Loan in the amount not to exceed \$7,889,081.28; and (ii) the Successor Agency's repayment of the Loan from the City in each six (6) month period with a pledge of property taxes payable from the Redevelopment Property Tax Trust Fund, at an interest rate on the Loan equal to the rate applicable to funds on deposit in the Local Agency Investment Fund.

Section 5. This Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

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Section 6. The Board Clerk shall certify as to the adoption of this Resolution.

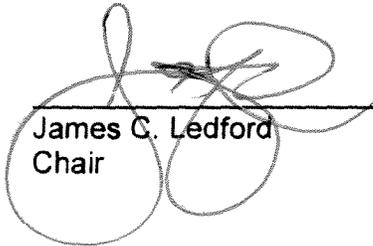
PASSED, APPROVED and ADOPTED this 26th day of September, 2012, by the following vote:

AYES: Ledford, Hofbauer, Lackey, Bettencourt and Dispenza

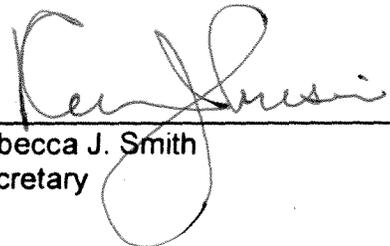
NOES: None

ABSTAIN: None

ABSENT: None


James C. Ledford
Chair

ATTEST:


Rebecca J. Smith
Secretary

APPROVED AS TO FORM:


Wm. Matthew Ditzhazy
General Counsel