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

COUNTY OF LOS ANGELES, CALIFORNIA

RESOLUTION NO. OB 2013-010

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE APPROVING ADDITIONAL REPAYMENT OF A LOAN AGREEMENT BETWEEN THE CITY OF PALMDALE AND THE SUCCESSOR AGENCY FOR CERTAIN OBLIGATIONS AND ADMINISTRATIVE COSTS

WHEREAS, the City of Palmdale ("**City**") and the Successor Agency to the Community Redevelopment Agency of Palmdale ("**Successor Agency**") are parties to that certain Loan Agreement (A-4110) dated September 27, 2012 ("**Loan Agreement**") as approved by the City Council of the City of Palmdale ("**City Council**") on September 26, 2012 pursuant to Resolution 2012-100 and the Successor Agency on September 26, 2012 pursuant to Resolution No. SA 2012-027 with the consent of the Oversight Board of the Successor Agency to the Community Redevelopment Agency ("**Oversight Board**") on September 27, 2012 pursuant to Resolution No. OB 2012-015, wherein the City agreed to advance certain funds pursuant to Health and Safety Code Section 34173(h) in an amount not to exceed $7,889,081.28 ("**Loan**") to the Successor Agency 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 as more particularly described in the Loan Agreement; and

WHEREAS, the Loan is an enforceable obligation of the Successor Agency payable in accordance with the payment schedule set forth and attached to the Loan Agreement as Exhibit B (the "**Payment Schedule**") on June 1 and January 2 of each year solely from property tax receipts attributed to the Merged Redevelopment Projects, adopted by the City Council on March 24, 1994 by Ordinance Nos. 1042, 1043, and 1044 and maintained in the Redevelopment Property Trust Fund ("**RPTTF**") by the Los Angeles County Auditor-Controller for the purpose of paying enforceable obligations of the Successor Agency; and

WHEREAS, the Payment Schedule provides for repayment of the Loan in the amount of $2,500,000.00 plus accrued interest in FY 2013-2014, $2,500,000.00 plus accrued interest in FY 2014-2015 and the balance shall be repaid in FY 2015-16; and

WHEREAS, the Loan was set forth as an enforceable obligation of the Successor Agency on the Third Recognized Obligation Payment Schedule ("**ROPS**"), as amended, for the period from January 1, 2013 through June 30, 2013 and shall be set forth as an enforceable obligation of every ROPS thereafter until paid in full in accordance with the Loan Agreement; and

WHEREAS, a Loan payment of $2,500,000.00 was made in the ROPS 13-14A period from the original RPTTF distribution in June 2013, leaving a balance due of $5,389,081; and

WHEREAS, the Successor Agency currently has a funding surplus remaining from the original RPTTF distribution in June 2013 for ROPS 13-14A period; and

WHEREAS, Section 2.06, entitled "Optional Prepayment of the Loan", of the Loan Agreement provides the Payment Schedule may be accelerated to repay the unpaid principal and interest of the Loan, or portion thereof, at any time; and

WHEREAS, subject to Oversight Board approval, the Successor Agency desires to make additional repayments of the Loan in accordance with Section 2.06 of the Loan Agreement (i) in the amount of $3,400,000.00, which repayment shall be reflected on the ROPS 13-14A, or, to the extent the ROPS 13-14A surplus funds can be reserved for such purposes, on the ROPS 13-14B period, and (ii) to the extend there are available surplus funds in the ROPS 13-14B period, a payment equal to the outstanding Loan balance; and

WHEREAS, the City and the Successor Agency have determined that making the aforementioned repayments are in the best interests of the City and the Successor Agency, 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 aforementioned repayments and to make the following accompanying findings, resolutions and determinations.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS by the Oversight Board of 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 approves the Successor Agency's additional repayments of the Loan in accordance with Section 2.06 of the Loan Agreement (i) in the amount of $3,400,000.00, which repayment shall be reflected on the ROPS 13-14A, or, to the extent the ROPS 13-14A surplus funds can be reserved for such purposes, on the ROPS 13-14B period, and (ii) to

the extend there are available surplus funds in the ROPS 13-14B period, a payment equal to the outstanding Loan balance.

Section 3. The Oversight Board hereby authorizes the Executive Director or designee to take any and all actions necessary for the Successor Agency to make the additional repayments of the Loan in accordance with Section 2.06 of the Loan Agreement (i) in the amount of $3,400,000.00, which repayment shall be reflected on the ROPS 13-14A, or, to the extent the ROPS 13-14A surplus funds can be reserved for such purposes, on the ROPS 13-14B, and (ii) to the extend there are available surplus funds in the ROPS 13-14B period, a payment equal to the outstanding Loan balance.

Section 4. This Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

Section 5. The Board Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED this 29th day of October, 2013, by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: Board Member Brewington

David Childs
Chair

ATTEST:

Rebecca J. Smith
Board Clerk

PALMDALE

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

JAMES C. LEDFORD, JR.
Chair

TOM LACKEY
Vice Chair

LAURA BETTENCOURT
Director

MIKE DISPENZA
Director

STEVEN D. HOFBAUER
Director

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 on 72 hours notice and request.

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

SECRETARY'S CERTIFICATE

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 October 2, 2013 Successor Agency to the Community Redevelopment Agency of the City of Palmdale Regular Meeting and entitled:

Approval of Additional Payment under Loan Agreement.

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 23rd day of October 2013.

Rebecca J. Smith
Secretary

SA Item No. 5.3
Approved City Council
4-0-0-1

CITY OF PALMDALE

REPORT to the Chair and Directors of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale from the Executive Director

DATE: October 2, 2013

SUBJECT: Approval of Additional Payment under Loan Agreement.

ISSUING DEPARTMENT: Finance

SUMMARY

Issue:
Should the Successor Agency adopt Resolution No. SA 2013-022 approving an additional loan payment to the City of Palmdale under Loan Agreement No. A-4110?

Recommendation:
Adopt Resolution No. SA 2013-022 approving an additional loan payment to the City of Palmdale under Loan Agreement No. A-4110.

Fiscal Impact:
Payment to the City of approximately $3,400,000 due under Loan Agreement No. A-4110.

BACKGROUND

The Dissolution Act had a significant impact on the former Redevelopment Agency's and on the Successor Agency's ability to pay Enforceable Obligations. The City was required to provide a cash flow loan to the Successor Agency of approximately $7.8 million to meet Enforceable Obligations of the Successor Agency due between July 1, 2012 and June 30, 2013. The City and the Successor Agency approved Loan Agreement No. A-4110 on September 26, 2012 for the loan and repayment of the funds. The Oversight Board approved the Loan Agreement on September 27, 2012 and the Department of Finance did not object to the Loan Agreement.

The Loan Agreement provides that $2,500,000 plus interest would be repaid in Fiscal Year 2013-14, $2,500,000 plus interest would be repaid in Fiscal Year 2014-15 and the balance repaid in Fiscal Year 2015-16. Section 2.06 of the Loan Agreement provides that the Successor Agency may prepay the loan or a portion thereof at any time.

The Successor Agency currently estimates that additional Redevelopment Property Tax Trust Funds will be available in the 13-14A ROPS period after meeting Enforceable Obligations, and would like to use those funds to pay down the Loan Agreement, thereby restoring needed cash flow funds to the City. Further, the earlier that the cash flow loan is repaid, the sooner there will be funding available to pay the outstanding SERAF loans.

The amount already paid in the ROPS 13-14A period is $2,500,000, leaving a balance due of approximately $5.3 million. The amount of the requested additional ROPS 13-14A payment of the loan is $3,400,000, also payable in the ROPS 13-14A period, or to the extent the ROPS 13-14A funds can be reserved for such purpose, in the ROPS 13-14B period. Finally, if there are available funds in the ROPS 13-14B period, a payment equal to the balance outstanding should be repaid.

The Successor Agency action adopting the resolution approving the additional payment is subject to approval by the Oversight Board. The Department of Finance is authorized to review this action.

Submitted by:

Hamed Jones
Budget Manager

Reviewed by:

David Childs
Executive Director

Betsy St. John
Director of Finance

Attachments:
1. Resolution No. SA 2013-022

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

JAMES C. LEDFORD, JR.
Chair

TOM LACKEY
Vice Chair

LAURA BETTENCOURT
Director

MIKE DISPENZA
Director

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

SECRETARY'S CERTIFICATE

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 2013-022 adopted at the Regular Meeting of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale duly held at the regular meeting place thereof, on October 2, 2013, 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 2013-022 on file and of record in my office and that said Resolution No. SA 2013-022 is a full, true, and correct copy of the original Resolution No. SA 2013-022 adopted at said meeting.

At said meeting, Resolution No. SA 2013-022 was adopted by the following vote:

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

WITNESS my hand and the seal of the City of Palmdale this 23rd day of October 2013.

Rebecca J. Smith
Secretary

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

COUNTY OF LOS ANGELES, CALIFORNIA

RESOLUTION NO. SA 2013-022

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE APPROVING ADDITIONAL REPAYMENT OF A LOAN AGREEMENT BETWEEN THE CITY OF PALMDALE AND THE SUCCESSOR AGENCY FOR CERTAIN OBLIGATIONS AND ADMINISTRATIVE COSTS

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WHEREAS, the Loan is an enforceable obligation of the Successor Agency payable in accordance with the payment schedule set forth and attached to the Loan Agreement as Exhibit B (the "**Payment Schedule**") on June 1 and January 2 of each year solely from property tax receipts attributed to the Merged Redevelopment Projects, adopted by the City Council on March 24, 1994 by Ordinance Nos. 1042, 1043, and 1044 and maintained in the Redevelopment Property Trust Fund ("**RPTTF**") by the Los Angeles County Auditor-Controller for the purpose of paying enforceable obligations of the Successor Agency; and

WHEREAS, the Payment Schedule provides for repayment of the Loan in the amount of $2,500,000.00 plus accrued interest in FY 2013-2014, $2,500,000.00 plus accrued interest in FY 2014-2015 and the balance shall be repaid in FY 2015-16; and

WHEREAS, the Loan was set forth as an enforceable obligation of the Successor Agency on the Third Recognized Obligation Payment Schedule ("**ROPS**"), as amended, for the period from January 1, 2013 through June 30, 2013 and shall be set forth as an enforceable obligation of every ROPS thereafter until paid in full in accordance with the Loan Agreement; and

WHEREAS, a Loan payment of $2,500,000.00 was made in the ROPS 13-14A period from the original RPTTF distribution in June 2013, leaving a balance due of $5,389,081; and

WHEREAS, the Successor Agency currently has a funding surplus remaining from the original RPTTF distribution in June 2013 for ROPS 13-14A period; and

WHEREAS, Section 2.06, entitled "Optional Prepayment of the Loan", of the Loan Agreement provides the Payment Schedule may be accelerated to repay the unpaid principal and interest of the Loan, or portion thereof, at any time; and

WHEREAS, subject to Oversight Board approval, the Successor Agency desires to make additional repayments of the Loan in accordance with Section 2.06 of the Loan Agreement (i) in the amount of $3,400,000.00, which repayment shall be reflected on the ROPS 13-14A, or, to the extent the ROPS 13-14A surplus funds can be reserved for such purposes, on the ROPS 13-14B period, and (ii) to the extend there are available surplus funds in the ROPS 13-14B period, a payment equal to the outstanding Loan balance; and

WHEREAS, the City and the Successor Agency have determined that making the aforementioned repayments are in the best interests of the City and the Successor Agency, 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 aforementioned repayments 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 approves the Successor Agency's additional repayments of the Loan in accordance with Section 2.06 of the Loan Agreement (i) in the amount of $3,400,000.00, which repayment shall be reflected on the ROPS 13-14A, or, to the extent the ROPS 13-14A surplus funds can be reserved for such purposes, on the ROPS 13-14B period, and (ii) to the extend there are available surplus funds in the ROPS 13-14B period, a payment equal to the outstanding Loan balance.

Section 3. The Successor Agency hereby authorizes the Executive Director or designee to take any and all actions necessary for the Successor Agency to make the additional repayments of the Loan in accordance with Section 2.06 of the Loan Agreement (i) in the amount of $3,400,000.00, which repayment shall be reflected on the ROPS 13-14A, or, to the extent the ROPS 13-14A surplus funds can be reserved for such purposes, on the ROPS 13-14B, and (ii) to the extend there are available surplus funds in the ROPS 13-14B period, a payment equal to the outstanding Loan balance.

Section 4. This Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

Section 5. The Board Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED this 2nd day of October, 2013, by the following vote:

AYES: Ledford, Lackey, Bettencourt, and Dispenza

NOES: None

ABSTAIN: None ABSENT: Hofbauer

James C. Ledford
Chair

ATTEST:

Rebecca J. Smith
Secretary

APPROVED AS TO FORM:

Wm. Matthew Ditzhazy
General Counsel