

OVERSIGHT BOARD
FOR THE SUCCESSOR AGENCY TO THE
PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY

BOARD REPORT

MEETING DATE: March 3, 2015

CONSENT CALENDAR

TITLE: APPROVE A REPAYMENT SCHEDULE FOR LOANS FROM THE FORMER REDEVELOPMENT AGENCY'S LOW AND MODERATE INCOME HOUSING FUND AND DEFERRAL OF DEPOSITS THERETO.

INITIATED: Department of Community & Economic Development

RECOMMENDATION:

1. Adopt Resolution No. _____, "A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY, APPROVING A REPAYMENT SCHEDULE FOR LOANS FROM THE FORMER REDEVELOPMENT AGENCY'S LOW AND MODERATE INCOME HOUSING FUND AND DEFERRAL OF DEPOSITS THERETO."

BACKGROUND AND ANALYSIS:

Pursuant to Resolution No. 23071 adopted on January 4, 2012, the City Council elected to serve as the successor agency to the Community Redevelopment Agency of the City of Palm Springs ("Successor Agency") upon the dissolution of the Redevelopment Agency. Resolution No. 23071, also designated the City as the entity responsible for performing the housing functions previously performed by the Redevelopment Agency and authorizing the transfer to the City of the Redevelopment Agency's housing assets and functions.

On June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). AB 26 and AB 1484, as further amended, are collectively referred to herein as the "Dissolution Act".

Section 34171(d)(1)(G) of the Dissolution Act provides for the repayment, and deposit into the Low and Moderate Income Housing Asset Fund of the City, of funds that had been borrowed from the Redevelopment Agency's Low and Moderate Income Housing Fund to make Educational Revenue Augmentation Fund ("ERAF") and Supplemental Educational Revenue Augmentation Fund ("SERAF") payments. The Redevelopment Agency had borrowed money from its Low and Moderate Income Housing Fund for purposes of making ERAF and SERAF payments ("Loans"). The Loans are outstanding in the amount of \$2,164,456.

ITEM NO. 1B.

In 1998, the Redevelopment Agency had borrowed money from its Low and Moderate Income Housing Fund for purposes of paying project costs ("Project Loan"); the Project Loan is outstanding in the amount of \$24,503.

These Loans were included in the Housing Asset Transfer Form that was prepared by the City and submitted on July 31, 2012 to the California Department of Finance ("DOF") as required by Section 34176(a)(2) of the Dissolution Act and on December 14, 2012. DOF notified the City that it did not object to the transfer of the Loans to the City.

Prior to 1986, the Redevelopment Agency deferred \$1,532,669 of deposits of 20% of tax increment from the Central Business District Redevelopment Project to the Low and Moderate Income Housing Fund pursuant to a Statement of Existing Obligations ("Deferral"). Section 34171(d)(1)(G) of the Dissolution Act also provides for the repayment, and deposit into the Low and Moderate Income Housing Asset Fund of the City, of payments owing to the Redevelopment Agency's Low and Moderate Income Housing Fund which had been deferred, such as the Deferral. However, Section 34171(d)(1)(G) of the Dissolution Act requires the Oversight Board to approve the repayment schedule for the Loans and the Deferral.

Furthermore, Section 34176(e)(6) of the Dissolution Act sets forth the formula for determining the maximum amount of annual payments on the Loans and the Deferral.

The City is requesting the Oversight Board approve the repayment schedule for the Loans, which is attached to the Resolution as Attachment 1, and authorize the Successor Agency to place on each Recognized Obligation Payment Schedule ("ROPS") the maximum payment on the Loans that is permitted for that ROPS period by the Dissolution Act.

The Oversight Board's action will become effective within five (5) business days after notice is given in the manner specified by DOF unless DOF requests a review, in which case the Resolution will become effective upon DOF approval.

RESOLUTION NO. 032

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY, APPROVING A REPAYMENT SCHEDULE FOR LOANS FROM THE FORMER REDEVELOPMENT AGENCY'S LOW AND MODERATE INCOME HOUSING FUND AND DEFERRAL OF DEPOSITS THERETO.

WHEREAS, the Community Redevelopment Agency of the City of Palm Springs ("Redevelopment Agency") was a redevelopment agency in the City of Palm Springs ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

WHEREAS, Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) ("AB 26") was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and to the California Health and Safety Code ("H&S Code"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the H&S Code; and

WHEREAS, pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

WHEREAS, pursuant to Resolution No. 23071 adopted on January 4, 2012, the City Council elected to serve as the successor agency to the Community Redevelopment Agency of the City of Palm Springs ("Successor Agency") upon the dissolution of the Redevelopment Agency; and

WHEREAS, Resolution No. 23071, also designated the City as the entity responsible for performing the housing functions previously performed by the Redevelopment Agency and authorizing the transfer to the City of the Redevelopment Agency's housing assets and functions; and

WHEREAS, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). AB 26 and AB 1484, as further amended, are collectively referred to herein as the "Dissolution Act"; and

WHEREAS, Section 34171(d)(1)(G) of the Dissolution Act provides for the repayment, and deposit into the Low and Moderate Income Housing Asset Fund of the City, of funds that had been borrowed from the Redevelopment Agency's Low and

Moderate Income Housing Fund to make Educational Revenue Augmentation Fund ("ERAF") and Supplemental Educational Revenue Augmentation Fund ("SERAF") payments; and

WHEREAS, the Redevelopment Agency had borrowed money from its Low and Moderate Income Housing Fund for purposes of making ERAF and SERAF payments ("SERAF Loans"); and

WHEREAS, the SERAF Loans are outstanding in the amount of \$2,164,456; and

WHEREAS, in 1998, the Redevelopment Agency had borrowed money from its Low and Moderate Income Housing Fund for purposes of paying project costs ("Project Loan"); and

WHEREAS, the Project Loan is outstanding in the amount of \$24,503; and

WHEREAS, prior to 1986, the Redevelopment Agency deferred \$1,532,669 of deposits of 20% of tax increment from the Central Business District Redevelopment Project to the Low and Moderate Income Housing Fund pursuant to a Statement of Existing Obligations ("Deferral"); and

WHEREAS, Section 34171(d)(1)(G) of the Dissolution Act also provides for the repayment, and deposit into the Low and Moderate Income Housing Asset Fund of the City, of payments owing to the Redevelopment Agency's Low and Moderate Income Housing Fund which had been deferred, such as the Deferral; and

WHEREAS, the SERAF Loans, the Project Loan and the Deferral were included in the Housing Asset Transfer Form that was prepared by the City and submitted on July 31, 2012 to the California Department of Finance ("DOF") as required by Section 34176(a)(2) of the Dissolution Act and on December 14, 2012, DOF notified the City that it did not object to the transfer of the SERAF Loans, the Project Loan and the Deferral to the City; and

WHEREAS, Section 34171(d)(1)(G) of the Dissolution Act requires the Oversight Board to approve the repayment schedule for the Loans and the Deferral; and

WHEREAS, Section 34176(e)(6) of the Dissolution Act sets forth the formula for determining the maximum amount of annual payments on the Loans and the Deferral; and

WHEREAS, all of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. The Oversight Board hereby finds and determines that the foregoing recitals are true and correct.

SECTION 2. The Oversight Board hereby approves the repayment schedule for the Loans that is attached to this Resolution as Attachment 1.

SECTION 3. The Oversight Board hereby authorizes the Successor Agency to place on each Recognized Obligation Payment Schedule ("ROPS") the maximum payment on the Loans that is permitted for that ROPS period by the Dissolution Act.

SECTION 4. The adoption of this Resolution is not intended to and shall not constitute a waiver of any constitutional, legal or equitable rights that the Successor Agency or Oversight Board may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of the Dissolution Act, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of the Dissolution Act, and any and all related legal and factual issues, and the Successor Agency, Oversight Board, and City expressly reserve any and all rights, privileges, and defenses available under law and equity.

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. The Oversight Board declares that its Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 6. The Oversight Board directs the Successor Agency to provide a copy of this Resolution to DOF pursuant to Section 34179(h) of the Dissolution Act, which provides that the Oversight Board's action will become effective within five (5) business days after notice is given in the manner specified by DOF unless DOF requests a review, in which case the Resolution will become effective upon DOF approval.

SECTION 7. The City Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED BY THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY THIS 3RD DAY OF MARCH, 2015.

OVERSIGHT BOARD CHAIRMAN

ATTEST:

JAMES THOMPSON
CLERK/SECRETARY

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, Clerk/Secretary of the Oversight Board for the Successor Agency of the Palm Springs Community Redevelopment Agency hereby certify that Resolution No. 032 was adopted by the Oversight Board at a Special Meeting held on the 3rd day of March, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JAMES THOMPSON
OVERSIGHT CLERK/SECRETARY
City of Palm Springs, California

ATTACHMENT 1

**REPAYMENT SCHEDULE FOR LOANS OF EDUCATIONAL
REVENUE AUGMENTATION FUND (ERAF) AND SUPPLEMENTAL
EDUCATION REVENUE AUGMENTATION FUND (SERAF)
PAYMENTS AND DEFERRAL**

ERAF/SERAF LOAN & DEFERRAL PAYMENT - FY 2015-16

Base Year Residual RPTTF Distribution 2012-13

Residual RPTTF Distribution July - December 2012	\$1,436,392
Residual RPTTF Distribution January - June 2013	0
<i>Total 2012-13 Residual RPTTF Distributions</i>	\$1,436,392

Fiscal Year Residual RPTTF Distribution 2014-15

Residual RPTTF Distribution July - December 2014	\$3,387,143
Residual RPTTF Distribution January - June 2015	2,364,533
<i>Total 2014-15 Residual RPTTF Distributions</i>	\$5,751,676

Increase from 2012-13 Distribution and 2014-15 Distribution **\$4,315,284**

Allowable Loan and Deferral Payment **\$2,157,642**
(One-half of Increase from 2012-13 to 2014-15)

Pursuant to Section 34176(e)(6)(B) the payment for each fiscal year will be equal to or less than the maximum amount allowed under the section.