RESOLUTION NO. OB 2014-05

RESOLUTION OF THE OVERSIGHT BOARD TO FORT BRAGG REDEVELOPMENT SUCCESSOR AGENCY APPROVING THE SUCCESSOR AGENCY'S REPAYMENT OF A LOAN OWED TO THE FORMER REDEVELOPMENT AGENCY'S LOW AND MODERATE INCOME HOUSING FUND IN ACCORD WITH HEALTH & SAFETY CODE SECTION 34191.4(b)(2)

WHEREAS, in accord with the provisions of the California Community Redevelopment Law Health and Safety Code Section 33000, et seq.("CRL"), the City Council of the City of Fort Bragg ("City") previously established the Redevelopment Agency of the City of Fort Bragg, a public body, corporate and politic ("Agency") to carry out the purposes of and exercise the powers granted to community redevelopment agencies under the CRL; and

WHEREAS, on February 1, 2012, the Agency was dissolved pursuant to Assembly Bill 1X26 ("AB 26"), and its rights, powers, duties and obligations were transferred to a "successor agency" (as defined by CRL Section 34171(j) and Section 34173); and

WHEREAS, the City Council elected to act as the Agency's successor agency ("Successor Agency") under CRL Section 34173, and, as such, is charged with administering the retirement of the former Agency's debts and other obligations; and

WHEREAS, prior to its dissolution, the Agency became obligated under the CRL to make specified payments into the local "Supplemental Education Revenue Augmentation Fund" ("SERAF"); and

WHEREAS, the CRL permitted the Agency to borrow from the Agency's "Low and Moderate Income Housing Fund" ("LMIHF") if necessary to satisfy the Agency's SERAF payment obligations; and

WHEREAS, on July 11, 2011, the Agency borrowed the sum of One Hundred Ten Thousand One Hundred One Dollars ($110,101) ("SERAF Loan") from the LMIHF in order to satisfy its SERAF payment obligation; and

WHEREAS, the CRL obligated the Agency to repay the SERAF Loan, but this obligation was not satisfied at the time of the Agency's dissolution and, accordingly, the Successor Agency must arrange for the repayment of the SERAF Loan; and

WHEREAS, CRL Section 34176(e)(6) provides that the Agency's SERAF Loan repayment obligation is a housing asset belonging to the entity ("Housing Successor") which assumed the former Agency's housing assets and functions under CRL Section 34176; and

WHEREAS, the City elected to act as the Housing Successor for the former Agency; and

WHEREAS, CRL Section 34176(e)(6)(B) provides that, commencing in fiscal year 2013/14, after receiving a Finding of Completion, the Successor Agency may start repaying the SERAF Loan with funds from the Redevelopment Property Tax Trust Fund ("RPTTF") administered by the Mendocino County Auditor-Controller ("Auditor-Controller"), subject to prior approval by the Oversight Board in accord with CRL Section 34171(d); and

WHEREAS, CRL Section 34191.4 (b)(1) requires that the Oversight Board make a finding that the loan was for legitimate redevelopment purposes and is an enforceable obligation; and

WHEREAS, under CRL Section 34171(d)(1)(G), the Agency's SERAF Loan repayment obligation is an enforceable obligation and, as such, it may be included on the Recognized Obligation Payment Schedules ("ROPS") prepared by the Successor Agency under CRL Section 34177; and

WHEREAS, the amount of each SERAF Loan payment which may be included on a ROPS is limited to an amount ("SERAF Loan Repayment Installment") equal to: one-half of the increase between the amount distributed by the Auditor-Controller to taxing entities pursuant to paragraph (4) of CRL Section 34183(a) in the then-current fiscal year ("Current Year Residual Distribution") and the amount distributed to taxing entities pursuant to that same paragraph in the 2012-13 base fiscal year ("Base Year Residual Distribution"); and

WHEREAS, in accord with CRL Section 34191.4, the SERAF Loan may be repaid with interest at a rate equal to the interest rate earned by funds deposited into the Local Agency Investment Fund ("LAIF Rate"); and

WHEREAS, Successor Agency staff has prepared a proposed SERAF Loan repayment schedule ("SERAF Loan Repayment Schedule") (copy attached as Exhibit A) for the Oversight Board's approval in accord with CRL Sections 34171(d)(1)(G) and 34191.4(b); and

WHEREAS, the SERAF Loan Repayment Schedule represents the Successor Agency's good faith estimation of the SERAF Loan Repayment Installment for each upcoming six-month fiscal period commencing on or after July 1, 2013, based on currently-estimated Base Year Residual Distribution, LAIF Rate, and Current Year Residual Distribution for each upcoming fiscal period; and

WHEREAS, at the time of preparation of the applicable ROPS, Successor Agency staff will adjust the amount of each SERAF Loan Repayment Installment estimate shown on the SERAF Loan Repayment Schedule to an amount ("Adjusted SERAF Loan Repayment Installment") equal to the greatest amount permissible under the CRL, based on then-current property tax information and LAIF Rate; and

WHEREAS, CRL Section 34176(e)(6)(A) requires that all SERAF Loan Repayment Installments be paid to the Housing Successor and used for purposes consistent with the CRL's affordable housing requirements.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board to Fort Bragg Redevelopment Successor Agency finds as follows:

1. The former Redevelopment Agency did borrow $110,101 from the Agency's Low and Moderate Income Housing Fund;
2. The Agency was obligated to repay the funds to the Low and Moderate Housing Fund and the obligation not satisfied at the time of the Agency's dissolution;
3. The City elected to act as the Housing Successor for the former Agency and the loan is an asset of the Housing Successor;
4. The loan was for legitimate redevelopment purposes and is an enforceable obligation.

The above and foregoing Resolution was introduced by Board Member Deitz, seconded by Board Member Cimolino, and passed and adopted at a regular meeting of the Oversight Board to Fort Bragg Redevelopment Successor Agency held on the 27th day of February, 2014, by the following vote:

AYES:	**Board Members Cimolino, Deitz, Knopp, Tichinin, and Chair Turner.**
NOES:	**None.**
ABSENT:	**Board Member Allen.**
ABSTAIN:	**None.**

Dave Turner,
Chair

ATTEST:

Cynthia M. VanWormer, MMC
Oversight Board Secretary