

OVERSIGHT BOARD RESOLUTION NO. OB-19

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO FINDING THE LOANS FROM THE CITY TO THE FORMER AGENCY WERE ENTERED INTO FOR LEGITIMATE REDEVELOPMENT PURPOSES AND AUTHORIZING THE SUCCESSOR AGENCY TO PLACE THE REPAYMENT OBLIGATIONS ON THE ROPS

WHEREAS, the Fresno Redevelopment Agency (the "Former RDA") was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law (the "Redevelopment Law") set forth in Section 33000 et seq. of the Health and Safety Code ("HSC") of the State of California (the "State"); and

WHEREAS, pursuant to AB X1 26 (which became effective at the end of June 2011), and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)) (together AB X1 26, *Matosantos*, and AB 1484 are referred to as the "Dissolution Laws"), the Former RDA was dissolved as of February 1, 2012, the Successor Agency was constituted as the successor entity to the Former RDA, and an oversight board of the Successor Agency (the "Oversight Board") was established; and

WHEREAS, in accordance with Health & Safety Code section 34179.7, the Department of Finance ("DOF") is required to issue a finding of completion to a successor agency when certain conditions are met, and the Successor Agency was issued a finding of completion on June 2, 2014; and

WHEREAS, under the provisions of Health & Safety Code section 34191.4, once DOF issues a finding of completion, successor agencies are provided with additional authority to carry out the wind-down process; and

WHEREAS, included in that authority is the ability to enforce the loans between the former redevelopment agency and the city that created the redevelopment agency, upon approval by the oversight board; and

WHEREAS, Section 34191.4(b) authorizes the City and Successor Agency to reestablish prior loan agreements between the City and former Agency as follows:

- (1) Notwithstanding subdivision (d) of Section 34171, 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.

- (2) If the oversight board finds that the loan is an enforceable obligation, the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund (LAIF). The loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund. The annual loan repayments provided for in the recognized obligations payment schedules shall be subject to all of the following limitations:
 - (A) Loan repayments shall not be made prior to the 2013-14 fiscal year. Beginning in the 2013-14 fiscal year, the maximum repayment amount authorized each fiscal year for repayments made pursuant to this subdivision and paragraph (7) of subdivision (e) of Section 34176 combined shall equal to one-half of the increase between the amount distributed to the taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 in that fiscal year and the amount distributed to taxing entities pursuant to that paragraph in the 2013-13 base year. Loan or deferral repayments made pursuant to this subdivision shall be second in priority to amounts to be repaid pursuant to paragraph (7) of subdivision (e) of Section 34176.
 - (B) Repayments received by the city, county, or city and county that formed the redevelopment agency shall first be used to retire any outstanding amounts borrowed and owed to the Low and Moderate Income Housing Fund (LMIHF) of the former redevelopment agency for purposes of the Supplemental Educational Revenue Augmentation Fund (SERAF) and shall be distributed to the Low and Moderate Income Housing Asset Fund established by subdivision (d) of Section 34176.
 - (C) Twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to the Low and Moderate Income Housing Asset Fund after all outstanding loans from the LMIHF for purposes of the SERAF have been paid.

WHEREAS, the Former Agency and the City entered into loan agreements identified in Exhibit A attached hereto and incorporated herein ("Loan Agreements") pursuant to which the City loaned monies to the Former Agency (the "Loans"); and

WHEREAS, by this Resolution the Oversight Board finds that the Loans were made for the purposes of physical and economic blight removal, both of which are legitimate redevelopment purposes; and

WHEREAS, the Oversight Board further finds that the repayment obligation is an enforceable obligation, and consents to the Successor Agency including the repayment obligation and the payment schedule on future Recognized Obligation Payment Schedules ("ROPS"); and

WHEREAS, pursuant to Section 34179(h) as amended by Assembly Bill 1484, written notice and information about all actions taken by the Oversight Board shall be provided to DOF by electronic means and in a manner of DOF's choosing, and an Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. Pursuant to Section 34191.4 of the Dissolution Laws, the Oversight Board finds that the Loans (i) were made for legitimate redevelopment purposes, and (ii) the repayment obligations are enforceable obligations.

Section 3. The Oversight Board consents to the Successor Agency including the Loans' repayment obligations and payment schedule on future ROPS pursuant to Section 34191.4.

Section 4. The Loans shall be paid in accordance with the provisions of State law.

Section 5. The Oversight Board directs the Successor Agency to submit the Loan Agreements and this Resolution to DOF.

Section 6. The Executive Director of the Successor Agency or her authorized designee is directed to post this Resolution on the Successor Agency website pursuant to the Dissolution Laws.

Section 7. Pursuant to Section 34179(h) as amended by Assembly Bill 1484, written notice and information about all actions taken by the Oversight Board shall be

provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review.

Section 8. The Secretary of the Oversight Board shall certify to the adoption of this Resolution.

ADOPTED by the Oversight Board this 11th day of September, 2014.


TERRY BRADLEY
Chair of the Board

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I, YVONNE SPENCE, City Clerk/Clerk of the Oversight Board hereby certify that the foregoing resolution was duly and regularly adopted at a meeting of the Oversight Board for the City of Fresno as Successor Agency to the Redevelopment Agency of the City of Fresno at its meeting held on the 11th day of September, 2014, by the following vote, to wit:

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|---------|---|--|
| AYES | : | Hodges, Lima, Hofmann, Westerlund, Bradley |
| NOES | : | Vagin |
| ABSENT | : | Poochigian |
| ABSTAIN | : | None |

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Fresno, California, this 12th day of September, 2014.



Yvonne Spence
City Clerk/Clerk of the Oversight Board

Exhibit A

KBD:elb [65526elb/kbd] Reso 08-26-14