

RESOLUTION NO. 3-13 (OB)

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE CITY OF WATSONVILLE 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 34171(d)(1)(G)

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 Watsonville ("City") previously established the Redevelopment Agency of the City of Watsonville, 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 (Stats. 2011, 1st Ex. Sess., Ch. 5) ("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 April 27, 2011, the Agency borrowed the sum of Six Hundred Twenty-Nine Thousand Nine Hundred Forty Dollars (\$629,940) ("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, the Successor Agency may start repaying the SERAF Loan with funds from the Redevelopment Property Tax Trust Fund (“**RPTTF**”) administered by the Santa Cruz County Auditor-Controller (“**Auditor-Controller**”), subject to prior approval by the Oversight Board in accord with CRL Section 34171(d); 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 BY THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE AS FOLLOWS:

Section 1. In accord with CRL Section 34171(d)(1)(G) and Section 34191.4(b)(2)(A), the Oversight Board approves the SERAF Loan Repayment Installment Schedule in the form attached as Exhibit A; subject to the Oversight Board's direction to the Successor Agency staff to determine the Adjusted SERAF Loan Repayment Installment based on the updated property tax information and LAIF rate available at the time of preparation of the applicable ROPS.

Section 2. The Successor Agency is authorized to include the amount of each Adjusted SERAF Loan Repayment Installment on each ROPS prepared by the Successor Agency for every 6-month fiscal period commencing on or after July 1, 2013.

Section 3. Once received from the Auditor-Controller, every SERAF Loan Repayment Installment will be paid by the Successor Agency to the City (as the Housing Successor), the outstanding balance of the SERAF Loan will be reduced by a corresponding amount, and the Housing Successor will use the funds only for purposes consistent with the CRL's affordable housing requirements.

Section 4. The Oversight Board directs the City Manager to transmit this Resolution to the State Department of Finance as required by CRL Section 34179(h). This Resolution will become effective in accord with CRL Section 34179(h).

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The foregoing resolution was introduced at a regular meeting of the Oversight Board of Successor Agency to the City of Watsonville Redevelopment Agency, held on the 26th day of February, 2013, by Member Medina, who moved its adoption, which motion being duly seconded by Vice Chair Cortez, was upon roll call carried and the resolution adopted by the following vote:

AYES: **BOARD MEMBERS:** **Cortez, Medina, Tavantzis, Montesino**



Eduardo Montesino, Chair

ATTEST:


Beatriz Vázquez Flores, City Clerk

I, Beatriz Vázquez Flores, City Clerk of the City of Watsonville, do hereby certify that the foregoing Resolution No. 3-13 (OB) was duly and regularly passed and adopted by the Oversight Board at a meeting thereof held on the 26th day of February 26, 2013, and that the foregoing is a full, true and correct copy of said Resolution.



Beatriz Vázquez Flores, City Clerk

Exhibit "A"

Housing ERAF Loan

Original Balac	Payments	Running		LAIF Int	
		Balance	Interest	Date	Rate
629,940.00		629,940.00		4/27/2011	
		629,940.00	216.80	5/9/2011	0.413
		630,156.80	235.26	6/9/2011	0.448
		630,392.06	200.15	7/9/2011	0.381
		630,592.21	214.40	8/9/2011	0.408
		630,806.61	198.70	9/9/2011	0.378
		631,005.32	202.45	10/9/2011	0.385
		631,207.77	210.93	11/9/2011	0.401
		631,418.69	201.00	12/9/2011	0.382
		631,619.70	202.64	1/9/2012	0.385
		631,822.34	204.82	2/9/2012	0.389
		632,027.16	201.72	3/9/2012	0.383
		632,228.88	193.36	4/9/2012	0.367
		632,422.23	191.31	5/9/2012	0.363
		632,613.54	188.73	6/9/2012	0.358
		632,802.27	191.42	7/9/2012	0.363
		632,993.69	198.87	8/9/2012	0.377
		633,192.56	183.63	9/9/2012	0.348
		633,376.19	179.46	10/9/2012	0.34
		633,555.64	171.06	11/9/2012	0.324
		633,726.70	172.16	12/9/2012	0.326
		633,898.87	158.47	1/9/2013	0.3
		634,057.34	158.51	2/9/2013	0.3 Est
		634,215.85	158.55	3/9/2013	0.3 Est
		634,374.41	158.59	4/9/2013	0.3 Est
		634,533.00	158.63	5/9/2013	0.3 Est
		634,691.63	158.67	6/9/2013	0.3 Est
(58,062.00)		634,850.31	158.71	7/9/2013	0.3 Est
		576,947.02	144.24	8/9/2013	0.3 Est
		577,091.26	144.27	9/9/2013	0.3 Est
		577,235.53	144.31	10/9/2013	0.3 Est
		577,379.84	144.34	11/9/2013	0.3 Est
		577,524.18	144.38	12/9/2013	0.3 Est
(387,000.00)		577,668.56	144.42	1/9/2014	0.3 Est
		190,812.98	47.70	2/9/2014	0.3 Est
		190,860.69	47.72	3/9/2014	0.3 Est
		190,908.40	47.73	4/9/2014	0.3 Est
		190,956.13	47.74	5/9/2014	0.3 Est
		191,003.87	47.75	6/9/2014	0.3 Est
		191,051.62	47.76	7/9/2014	0.3 Est

Total Interest	6,221.38
Total due at 1/9/2014	636,161.38