

**OVERSIGHT BOARD RESOLUTION NO. 14 - 03**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RIDGECREST REDEVELOPMENT AGENCY FINDING THAT 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 City of Ridgecrest ("City") is a municipal corporation organized and operating under the laws of the State of California; and

**WHEREAS**, the Successor Agency is a public body corporate and politic, organized and operating under Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code, and the successor to the former Ridgecrest Redevelopment Agency ("former Agency") that was previously a community redevelopment agency organized and existing pursuant to the Community Redevelopment Law, Health and Safety Code Section 33000, et seq. ("CRL"); and

**WHEREAS**, Assembly Bill x1 26 ("AB x1 26") chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code and which laws were modified, in part, and determined constitutional by the California Supreme Court in the petition *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 ("Matosantos Decision"), which laws and court opinion caused the dissolution of all redevelopment agencies and winding down of the affairs of former redevelopment agencies; thereafter, such laws were amended further by Assembly Bill 1484 ("AB 1484") that was chaptered and effective on June 27, 2012 (together AB x1 26, the Matosantos Decision, and AB 1484 are referred to as the "Dissolution Laws"). All statutory references herein are to the Health and Safety Code of the Dissolution Laws unless otherwise stated; and

**WHEREAS**, as of February 1, 2012 the former Agency was dissolved pursuant to the Dissolution Laws and as a separate public entity, corporate and politic the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

**WHEREAS**, pursuant to Section 34179 the Successor Agency's Oversight Board has been formed; and

**WHEREAS**, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the affected taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

**WHEREAS**, Section 34177(a) permits the Successor Agency to make payments due for enforceable obligations; and

**WHEREAS**, Section 34177(1) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period that lists its Enforceable Obligations; and

**WHEREAS**, Section 34191.4(b) authorizes the City and Successor Agency to reestablish prior loan agreement(s) between the City and the 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 by 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 be 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 2012-13 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 Low and Moderate Income Housing Fund for purposes of the Supplemental Educational Revenue Augmentation Fund have been paid.”

**WHEREAS**, the Successor Agency received its Finding of Completion from the State Department of Finance (“DOF”) by letter dated December 17, 2013; and

**WHEREAS**, the City, by adoption of Resolution 02-82 on June 19, 2002, loaned \$2,000,000 to the former Agency (the “2002 Loan”) for funding of redevelopment projects, including infrastructure improvements in the Ridgcrest Business Park which was of vital importance to the implementation of the Redevelopment Plan; and

**WHEREAS**, the City, by adoption of Resolution 10-49 on June 16, 2010, loaned \$3,620,248 to the former Agency (the “2010 Loan”) for funding of redevelopment projects, including the development of a photovoltaic solar energy production field which was of vital importance to the implementation of the Redevelopment Plan; and

**WHEREAS**, by this Resolution the Oversight Board desires to find that the 2002 Loan and the 2010 Loan were made for legitimate redevelopment purposes, that the repayment obligation is an enforceable obligation, and to consent to the Successor Agency including the repayment obligation and the payment schedule on the 2014-15A 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 the 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 TO THE SUCCESSOR AGENCY TO THE RIDGCREST REDEVELOPMENT AGENCY OF THE CITY OF RIDGCREST:**

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

Pursuant to Section 34191.4 of the Dissolution Act, the Oversight Board finds (i) that the 2002 Loan and the 2010 Loan were made for legitimate redevelopment purposes, and (ii) that the repayment obligation is an enforceable obligation.

The Oversight Board consents to the Successor Agency including the repayment obligation and the payment schedule on the 2014-15A ROPS pursuant to Section 34191.4.

The Oversight Board directs the Successor Agency to submit the Agreement and this Resolution to the DOF.

**Section 2.** 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 Act.

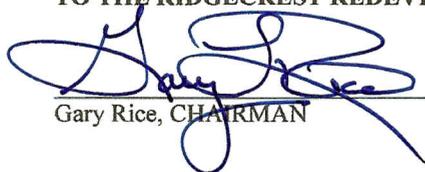
**Section 3.** Pursuant to Section 34179(h) as amended by Assembly Bill 1484, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review.

**Section 4.** The Secretary of the Oversight Board shall certify to the adoption of this Resolution.

THE FOREGOING RESOLUTION IS APPROVED AND ADOPTED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RIDGECREST REDEVELOPMENT AGENCY THIS 24<sup>th</sup> DAY OF February, 2014 BY THE FOLLOWING ROLL CALL VOTE:

Ayes: Rice, Breeden, Sloan, Lebsock, Haradon  
Nays: None  
Absent: None  
Abstain: Fallgatter

**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY  
TO THE RIDGECREST REDEVELOPMENT AGENCY**

  
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Gary Rice, CHAIRMAN

ATTEST:

  
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Ricca Charlon, Secretary