

RESOLUTION NO. 7-14 (OB)

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE ADOPTING FINDINGS AND APPROVING AN AGREEMENT REGARDING REINSTATEMENT OF A CITY LOAN MADE TO THE FORMER REDEVELOPMENT AGENCY (TAX INCREMENT REIMBURSEMENT LOAN)

WHEREAS, pursuant to authority granted under Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq.*) (“**CRL**”), the former Redevelopment Agency of the City of Watsonville (“**Redevelopment Agency**”) had responsibility to implement the Redevelopment Plan for the Watsonville 2000 Redevelopment Project Area (the “**Project Area**”);and

WHEREAS, pursuant to Resolution No. 4-12 (CM), adopted by the Watsonville City Council (“**City Council**”) on January 10, 2012, the City of Watsonville (“**City**”) agreed to serve as the successor agency to the Redevelopment Agency (“**Successor Agency**”) commencing upon dissolution of the Redevelopment Agency on February 1, 2012, pursuant to Assembly Bill x1 26; and

WHEREAS, pursuant to Health and Safety Code Section 33220, the City was authorized to assist the Redevelopment Agency for the purpose of aiding and cooperating in the planning, undertaking, construction, and operation of redevelopment projects located within the jurisdiction of the City, upon the terms and with or without consideration as the City determined; and

WHEREAS, pursuant to Health and Safety Code Section 33445, the Redevelopment Agency was authorized to enter into agreements with the City pursuant to which the Redevelopment Agency would agreed to reimburse the City for funds provided by the City for the cost of installation and construction of public improvements, structures and facilities located within or outside the Project Area; and

WHEREAS, pursuant to Health and Safety Code Sections 33132 and 33601, the Redevelopment Agency was authorized to borrow money and accept financial assistance from the City for redevelopment projects located within the Redevelopment Agency's jurisdiction; and

WHEREAS, consistent with the foregoing authority, the City made the following loan (the "**Loan**") to the Redevelopment Agency:

- (vi) A loan in the principal amount of \$1,005,236 provided pursuant to a Water Enterprise Fund Loan Agreement dated as of May 27, 2004, for the purpose of advancing funds to repay an over-allocation of tax increment funds to the Santa Cruz County Auditor-Controller (the "**Tax Increment Reimbursement Loan**");

WHEREAS, pursuant to Health and Safety Code Section 34191.4(b), once a successor agency has received a Finding of Completion pursuant to Health and Safety Code Section 34179.7, loan agreements entered into between the redevelopment agency and the entity that created the redevelopment agency ("**Sponsoring Jurisdiction Loans**") shall be deemed to be enforceable obligations provided that the successor agency's oversight board makes a finding that the Sponsoring Jurisdiction Loans were for legitimate redevelopment purposes; and

WHEREAS, the Successor Agency received a Finding of Completion on February 21, 2014; and

WHEREAS, as described above, the Loan was made for legitimate redevelopment purposes as authorized by, and consistent with, the CRL; and

WHEREAS, Health and Safety Code Section 34191.4(b)(2) provides that: (i) the accumulated interest on Sponsoring Jurisdiction Loans shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund ("**LAIF**"), (ii) Sponsoring Jurisdiction Loans shall be repaid to the

sponsoring jurisdiction 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 LAIF, and (iii) the annual amount of repayments on Sponsoring Jurisdiction Loans provided for in the Recognized Obligation Payment Schedule (“**ROPS**”) is subject to specified limitations; and

WHEREAS, Successor Agency staff have prepared an Agreement Regarding Reinstatement of Loans (the “**Agreement**”) which provides for repayment of the Loan in accordance with the requirements of Health and Safety Code Section 34191.4(b) and commits the City to use the Loan repayment proceeds in accordance with Health and Safety Code Section 34191.4(b); and

WHEREAS, the Watsonville City Council and the Governing Board of the Successor Agency have approved the execution of the Agreement conditioned upon approval by the Oversight Board.

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:

1. The facts stated in the foregoing Recitals are hereby acknowledged and affirmed.
2. The Oversight Board hereby finds and determines that the Loan was made for legitimate redevelopment purposes.
3. The Agreement is approved, and the City Manager or his designee is authorized to execute the Agreement on behalf of the Successor Agency substantially in the form presented with the staff report accompanying this Resolution.

4. The Successor Agency is authorized and directed to list the Agreement and the repayment of the Loan on the Successor Agency's ROPS for the January-June 2015 period ("ROPS 14-15B") and for each succeeding ROPS period until the Loan is repaid in full in accordance with the Agreement.


5. The City Manager and his designees are authorized to take such further actions as may be necessary to carry out the intent of this Resolution.

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 12th day of March, 2014, by Member Tavantzis, who moved its adoption, which motion being duly seconded by Vice-Chair Carrillo, was upon roll call carried and the resolution adopted by the following vote:

AYES: BOARD MEMBERS: **Caput, Carrillo, Friend, Medina, Tavantzis, Montesino**

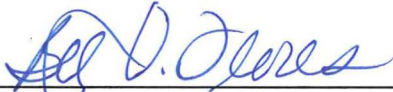
NOES: BOARD MEMBERS: **None**

ABSENT: BOARD MEMBERS: **McFadden**



Eduardo Montesino, Chair

ATTEST:



Beatriz Vázquez Flores, Board Secretary

I, Beatriz Vázquez Flores, City Clerk of the City of Watsonville, do hereby certify that the foregoing Resolution No. 7-14 (OB) was duly and regularly passed and adopted by the Oversight Board at a meeting thereof held on the 12th day of March, 2014, and that the foregoing is a full, true and correct copy of said Resolution.



Beatriz Vázquez Flores, City Clerk