

RESOLUTION NO. 26 (SAS) Oversight Board

A RESOLUTION OF THE SANTA MONICA SUCCESSOR
AGENCY OVERSIGHT BOARD MAKING FINDINGS TO
RE-ESTABLISH THE LOAN FOR PAYMENT OF PARKING
STRUCTURES 1-6 AS AN ENFORCEABLE OBLIGATION
AND TAKING CERTAIN RELATED ACTIONS

RECITALS:

WHEREAS, on January 17, 1994, the "Northridge Earthquake" occurred in Southern California and President Clinton declared the Northridge Earthquake a major disaster under federal law; and

WHEREAS, pursuant to the California Community Redevelopment Financial Assistance and Disaster Project Law (Health and Safety Code Section 34000 et seq.) (the "Disaster Law"), the City Council of the City of Santa Monica (the "Council") adopted the Redevelopment Plan for the Earthquake Recovery Redevelopment Project Area by Ordinance No. 1747 (CCS) on June 21, 1994, a copy of which is on file in the Office of the City Clerk; and

WHEREAS, the purpose of the Earthquake Recovery Redevelopment Project Area was to provide disaster assistance to the City due to the Northridge Earthquake in the form of tax increment which would allow the City to acquire, demolish, remove, relocate, repair, restore, rehabilitate, or replace buildings, low- and moderate-income housing, facilities, structures, or other improvements within the Project Area, in accordance with Health and Safety Code section 34007; and

WHEREAS, the California Legislature adopted, and the Governor signed, Assembly Bill Nos. 26 and 27 (2011-2012 1st Ex. Sess.) enacted as Stats. 2011, 1st Ex.

Sess. 2011-2012, chs. 5-6 (hereinafter AB 261x 26 and AB1x 27) into law; and

WHEREAS, in July 2011, *California Redevelopment Agency v. Matosantos* was filed in the California Supreme Court, challenging the constitutionality of AB1x 26 and AB1x 27, and on December 29, 2011, the Supreme Court issued its opinion in *Matosantos*, upholding AB1x 26 and exercising its power of reformation to revise and extend each effective date or deadline for performance of an obligation in part 1.85 of division 24 of the Redevelopment Law, and invalidating AB1x 27; and

WHEREAS, for purposes of implementing AB 261x and subsequent amendments thereto and in accordance with Health and Safety Code section 34167.10, the definition of "city" includes any legal entities controlled by the "city"; and

WHEREAS, the Parking Authority of the City of Santa Monica ("Authority") is subject to the control of the City because the City exercises substantial municipal control over the Authority's operations, revenues or expenditures; the City has ownership or control over the Authority's property or facilities; the City's board and the Authority's board are comprised of the same members; and the City was involved in the creation of the Authority; and

WHEREAS, effective on February 1, 2012, the City of Santa Monica ("City") became the designated Successor Agency of the Redevelopment Agency of the City of Santa Monica, within the meaning of AB1x 26; and

WHEREAS, upon the receipt by the Successor Agency of a finding of completion by the Department of Finance and in accordance with Health and Safety Code section 34191.4(b)(1), upon application by the Successor Agency and approval by the Oversight Board, loan agreements entered into between the former Redevelopment Agency and the City shall be deemed to be enforceable obligations provided that the Oversight Board makes a finding that the loan was for legitimate redevelopment purposes; and

WHEREAS, in accordance with Health and Safety Code section 34191.4(b)(2), if the Oversight Board finds that a 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 and the loan shall be repaid to the City 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; and

WHEREAS, in accordance with Health and Safety Code section 34179.7, the Successor Agency received its finding of completion from the Department of Finance on January 16, 2015, a copy of which is attached hereto and incorporated by reference herein as [Exhibit "A"](#)); and

WHEREAS, the Parking Authority of the City of Santa Monica ("Authority") owned six (6) parking structures, designated as Parking Structures 1-6 (including land and improvements) located within the Earthquake Recovery Redevelopment Project Area; and

WHEREAS, the construction of Parking Structures 1-6 was financed with lease revenue bonds issued by the Authority, the repayment of which was financed by lease payments made by the City (as the "Lessee") to the Authority (as the "Lessor"); and

WHEREAS, the former Redevelopment Agency, the Authority, and the City executed that certain Amended and Restated Sale and Performance Agreement dated as of June 20, 2003 (the "2003 Agreement"), as amended by the Amendment No. 1 to the 2003 Agreement dated December 14, 2004 ("Amendment No. 1")(all collectively referenced herein as "the Agreement") to obligate the Authority to sell Parking Structures 1-6 to the former Redevelopment Agency for the amount of \$60,000,000 and obligate the former Redevelopment Agency to make \$60,000,000 in seismic upgrades to Parking Structures 1-6 after conveyance, which the former Redevelopment Agency

completed, a copy of which is attached hereto and incorporated by reference herein as [Exhibit "B"](#) ; and

Whereas the sale of Parking Structures 1-6 to the former Redevelopment Agency was financed by a loan ("Loan") from the Authority to the former Redevelopment Agency in the principal amount of \$60,000,000; and

WHEREAS, the former Redevelopment Agency's obligation to repay the Loan was evidenced by two (2) promissory notes, including one in the principal amount of \$38,930,000 (referenced as "Promissory Note A") and one in the principal amount of \$21,070,000 (referenced as "Promissory Note B"), copies of which are attached hereto as [Exhibits "C"](#) and ["D"](#), and incorporated herein by this reference; and

WHEREAS, in accordance with the Promissory Note Assignment dated December 1, 2004, the Authority assigned all rights to receive payments under Promissory Note A to the City (see copy of the Promissory Note Assignment attached hereto as [Exhibit "E"](#) and incorporated herein by this reference); and

WHEREAS, in reliance upon the assignment of Promissory Note A payments to the City under the Promissory Note Assignment, the City's Public Financing Authority issued lease revenue bonds in the amount of \$38,930,000 to finance the construction of the City's Civic Center Parking Garage (see copy of the Official Statement, attached hereto as [Exhibit "F"](#)); and

WHEREAS, the Oversight Board has reviewed documentation and oral presentations made at the public meeting of the Oversight Board on February 23, 2015 and determined that the Loan was made for a legitimate redevelopment purpose of seismic retrofitting Parking Structures 1-6 in accordance with the Disaster Law and the Redevelopment Plan for the Earthquake Recovery Redevelopment Project Area, and is therefore deemed to be an enforceable obligation; and

WHEREAS, as of the date of this Resolution, \$33,961,323 of the principal amount of the Loan, plus interest accrued from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund, remain outstanding and unpaid; and

WHEREAS, the Successor Agency desires to seek repayment of the Loan in accordance with the conditions imposed by Health and Safety Code section 34191.4(b) and the repayment schedule attached hereto as [Exhibit G](#);

NOW, THEREFORE, THE OVERSIGHT BOARD DOES RESOLVE AS FOLLOWS:

SECTION 1. The Oversight Board hereby finds and determines that the foregoing recitals are true and correct.

SECTION 2. The Oversight Board hereby makes a finding that the Loan was for a legitimate redevelopment purpose and is therefore an enforceable obligation that may be paid in accordance with the terms and conditions of [Exhibit G](#).

SECTION 3. The staff of the Successor Agency is hereby directed to transmit this Resolution to the Department of Finance on behalf of the Oversight Board.

SECTION 4. The Oversight Board authorizes the Successor Agency's Chief Administrative Officer or his designee to take such actions and execute such documents as are necessary or appropriate to effectuate the intent of this Resolution on behalf of the Oversight Board and any such actions previously taken are hereby ratified.

SECTION 5. The Secretary of the Oversight Board shall certify the adoption of this Resolution and thenceforth and thereafter the same shall be in full force and effect in accordance with applicable law.

APPROVED BY A MAJORITY OF THE TOTAL MEMBERSHIP OF THE OVERSIGHT
BOARD:



CHAIR OF THE OVERSIGHT BOARD

EXHIBITS:

[Exhibit A: Finding of Completion](#)

[Exhibit B: The Agreement](#)

[Exhibit C: Promissory Note A](#)

[Exhibit D: Promissory Note B](#)

[Exhibit E: Promissory Note A Assignment](#)

[Exhibit F: 2004 Official Statement SMPFA- Civic Center Parking Project](#)

[Exhibit G: Loan Repayment Schedule Promissory Note A](#)

Adopted and approved this 23rd day of February, 2015.



Paul Silvern, Chair
Successor Agency Oversight Board

I, Denise Anderson-Warren, Secretary to the Successor Agency Oversight Board, do hereby certify that the foregoing Resolution No. 26 (SAS-Oversight Board) was duly adopted at a meeting of the Oversight Board meeting held on the 23rd day of February, 2015, by the following vote:

AYES: Board Members Dijkstra, Girard, Kanschat, Varon
Vice-Chair Moran, Chair Silvern

NOES: None

ABSENT: Board Member Maez

ATTEST:



Denise Anderson-Warren, Secretary
Successor Agency Oversight Board