

RESOLUTION NO. 34 (SAS) Oversight Board

A RESOLUTION OF THE SANTA MONICA SUCCESSOR
AGENCY OVERSIGHT BOARD MAKING FINDINGS TO
RE-ESTABLISH THE 1978 LOAN FOR ACQUISITION OF
LAND TO CONSTRUCT PUBLIC PARKING STRUCTURES

RECITALS:

WHEREAS, on January 13, 1976, the Council of the City of Santa Monica adopted the Redevelopment Plan for the Downtown Redevelopment Project Area ("Downtown Redevelopment Plan"); and

WHEREAS, as part of the implementation of the Downtown Redevelopment Plan, the former Redevelopment Agency of the City of Santa Monica ("RDA") acquired six (6) parcels of land from the City of Santa Monica in order to issue lease revenue bonds that would be used to finance the construction of public parking structures on these parcels; and

WHEREAS, these parcels were conveyed to the former RDA in consideration for the former RDA's pledge by Resolution No. 352 of the former RDA to repay the City in the amount of \$4,400,000 as payment for the six parcels ("the Loan"); and

WHEREAS, a copy of Resolution No. 352 is attached hereto as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, the RDA's obligation to repay the Loan was evidenced by a Promissory Note issued to the City on January 31, 1983, a copy of which is attached hereto as Exhibit "B" and incorporated herein by this reference; and

WHEREAS, between 7/1/03 – 6/30/2004, the City recorded \$185,235.02 in payments on the Loan and issued a new promissory note in the amount of \$15,429,441.83, representing the balance and interest accrued to date on the Loan at the then current LAIF rate plus 0.5%, a copy of which is attached hereto as [Exhibit "C"](#) and incorporated herein by this reference; 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, 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, Senate Bill 107 ("SB 107") was passed by the State Legislature on September 11, 2015, as a budget trailer bill and will take effect upon signature by the Governor; and

WHEREAS, SB 107 modifies Health and Safety Code section 34191.4(b)(2), by clarifying that if the Oversight Board finds that a loan for property is an enforceable obligation, any interest that was previously unpaid after the original effective date of the loan shall be recalculated from the date of origination of the loan as approved by the redevelopment agency on a quarterly basis, at a simple interest rate of 3 percent. The recalculated loan shall be repaid to the City in accordance with a defined schedule over a reasonable term of years; 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 "D"](#)); and

WHEREAS, the Oversight Board has reviewed documentation and oral presentations made at the public meeting of the Oversight Board on January 19, 2016 and determined that the Loan was made for a legitimate redevelopment purpose of acquiring the land for construction of public parking structures in accordance with the Downtown Redevelopment Plan, and is therefore deemed to be an enforceable obligation; 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)(2) and the repayment schedule attached hereto as [Exhibit "E"](#);

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 "E"](#).

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: Resolution No. 352](#)
- [Exhibit B: 1983 Promissory Note](#)
- [Exhibit C: 2004 Renewal of Promissory Notes](#)
- [Exhibit D: Finding of Completion](#)
- [Exhibit E: 1978 Downtown Loan Repayment Schedule](#)

RESOLUTION NO. 352
(Redevelopment Agency)

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA MONICA ESTABLISHING A VALUE FOR PROPERTIES RECEIVED FROM THE CITY AND AUTHORIZING THE REPAYMENT TO THE CITY FOR SAID PROPERTIES

WHEREAS, under the authority of City Council Ordinance No 1021, adopted January 13, 1976, the Redevelopment Agency has proceeded to acquire the site for the Downtown Redevelopment Project, and

WHEREAS, in order to assist the Redevelopment Agency in this effort, the City Council has transferred title to several parcels of land within the project to the Agency; and

WHEREAS, the City Council in transferring title to the Agency has placed a certain value for those parcels

NOW BE IT HEREBY RESOLVED THAT:

SECTION 1. The Redevelopment Agency of the City of Santa Monica acknowledges the transfer of title of Parcels 196-907, 908, 910, 911 and 197-900, 902 to the Redevelopment Agency from the City.

SECTION 2 The Agency hereby pledges to repay the City the amount of Four Million, Four Hundred Thousand Dollars (\$4,400,000) in exchange for the transfer of title, as funds become available.

SECTION 3. The Agency agrees that interest shall accrue on all unpaid principal at the same rate as shall be paid to the purchaser of the Agency's Downtown Project Lease/Revenue Bonds.

SECTION 4. The Agency agrees that payments from available funds shall be applied first to accrued and second to outstanding principal.

ADOPTED and APPROVED this 24th day of October, 1978.

Seymour M. Cohen
Seymour M. Cohen
Chairman Pro Tempore



ATTEST:

John Sabala

Resolution No. 352
Redevelopment Agency

I hereby certify that the foregoing resolution was duly adopted by the Redevelopment Agency of the City of Santa Monica at a special meeting thereof, held on the 24th day of October, 1978.

AYES: Bambrick, Reed, Trives, van den Steenhoven, Cohen

NOES: Scott

ABSENT Swink

John Jalili
John Jalili, Secretary

APPROVED AS TO LEGAL FORM
AND ADEQUACY:

Richard L. [Signature]
City Attorney

Fi:CRG:jw
Redevelopment Agency March 22, 1983

Exhibit B

413-002 Santa Monica, California

RA-1

MAR 22 1983

TO: Redevelopment Agency
FROM: Agency Staff
SUBJECT: Approval of Promissory Note in Conformance with
Resolution No. 352

Introduction

This report requests the Agency Board to approve a Promissory Note between the Agency and City formalizing the Agency indebtedness of \$4,400,000, recognized in Agency Resolution No. 352 for land transferred to the Agency from the City.

Background

To facilitate the assemblage of land for the Santa Monica Place Project, the City transferred title to six parcels of property to the Agency. Agency Resolution No. 352, adopted October 24, 1978, established a value of \$4.4 million dollars for the property. An interest rate equal to the rate paid to Redevelopment Agency Lease/Revenue Bondholders was specified in the resolution. A promissory note has not been prepared previously formalizing the debt. Therefore, the Agency needs to approve the attached promissory note. Such action will not require any change in the audited financial statement of the Agency.

Recommendation

It is recommended that the Agency Board approve the attached promissory note, formalizing the actions taken in Agency Resolution No. 352.

RA-1

MAR 22 1983

Prepared by: C. Robert Green, Director of Finance

Attachment: Promissory Note

P R O M I S S O R Y N O T E

Downtown Redevelopment
Project

Santa Monica, California
January 31, 1983

On December 31, 1983, for value received, the undersigned promises to pay to the order of the City of Santa Monica, a municipal corporation, at Santa Monica, California, the sum of Four Million, Four Hundred Thousand Dollars (\$4,400,000), with interest accrued from January 1, 1983 at seven and three-fourths percent (7 3/4%) per annum. Principal and interest are payable in lawful money of the United States. If action be instituted on this note, the undersigned promises to pay all costs of collection, including reasonable attorney's fees.

ATTEST:

The Redevelopment Agency of
the City of Santa Monica

BY:



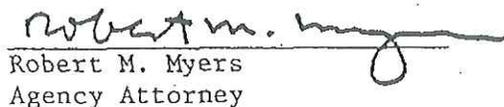
C. Robert Green
Treasurer

BY:

Ruth Yannatta Goldway
Chairperson

APPROVED AS TO FORM:

BY:



Robert M. Myers
Agency Attorney

Council Meeting: June 15, 2004

Santa Monica, California

TO: City Council and Redevelopment Agency
FROM: City and Agency Staff
SUBJECT: Renewal of Outstanding Promissory Notes

Introduction

There are five Promissory Notes for funds loaned by the City of Santa Monica to the Santa Monica Redevelopment Agency: two for the Downtown Redevelopment Project, two for the Ocean Park Redevelopment Project, and one for the Low/Moderate Income Housing Redevelopment Project. There is also one Promissory Note for a loan from the Earthquake Recovery Project to the City of Santa Monica. These Promissory Notes must be renewed for the period July 1, 2004 through June 30, 2005.

Background

The City has loaned the Agency funds for various administrative, operational and miscellaneous expenses, and the Agency has loaned funds to the City for housing projects. Until payment in full is received by the City, it is necessary that the Notes be renewed.

Attachment A details the financial history of each of the Promissory Notes, including amounts repaid to date, and presents the sources and uses of budgeted FY 2004-05 Redevelopment Agency income. To date, \$20.4 million has been repaid on all Notes and an additional \$1.7 million has been budgeted to be repaid in FY 2004-05.

Budget/Financial Impact

There is no budgetary impact resulting from the renewal of these Promissory Notes. The financial impact is that the liability of the Agency has been reduced by \$3,126,438.46, the net of accrued interest and repayments to the General Fund for the period July 1, 2003 through June 30, 2004 (see Attachment B). Continuing the policy adopted by Council, staff recommends that the interest rate for five Promissory Notes be continued at one-half of one percentage point (0.5%) more than the City's actual rate of investment earnings. The additional 0.5% is to reimburse the City and the Agency for carrying this debt. As required in the original bond covenant, one Promissory Note between the City and Agency concerning the Downtown Redevelopment Project must continue at a rate of interest of 4.60% that is equal to the rate of interest being paid for the refunded Downtown Redevelopment Project Lease Revenue Bonds, Series 2002.

Recommendation

It is recommended that the City Council and Agency agree to renew the six outstanding loans and the City Council and Redevelopment Agency approve and authorize the Mayor and Chairperson to execute the attached Promissory Notes between the Agency and the City.

Prepared by: Steve Stark, Director of Finance
Randy Chow, Senior Accountant

Attachment A Status of Redevelopment Agency Promissory Notes
Attachment B FY 2003/04 Financial Activity on Outstanding Promissory Notes
Attachment C Redevelopment Agency Promissory Notes #1, #2, #5, #6, and #9; and
City of Santa Monica Promissory Note #10

ATTACHMENT A

STATUS OF REDEVELOPMENT AGENCY PROMISSORY NOTES

I. History of Promissory Notes

The following indicates the original debt amount of each of the currently outstanding six promissory notes between the Redevelopment Agency and the City, and the total net adjustments for each promissory note as of 6/30/04:

<u>No.</u>	<u>Promissory Note Description</u>	<u>Original Debt Amount (Date)</u>	<u>Total Net Adjustment to Note Balance</u>	<u>Promissory Note Balance as of 7/1/04</u>
<u>Downtown Project</u>				
1	Downtown Redevelopment Project	\$ 871,840.00 (6/30/81)	\$ 408,630.35	\$ 1,280,470.35
6	Downtown Redevelopment Project	4,400,000.00 (10/24/78)	11,029,441.83	15,429,441.83
	Subtotal	<u>\$ 5,271,840.00</u>	<u>\$ 11,438,072.18</u>	<u>\$ 16,709,912.18</u>
<u>Ocean Park Project</u>				
2	Ocean Park Project	\$ 1,243,266.88 (6/30/81)	\$ 4,044,373.77	\$ 5,287,640.65
5	Ocean Park Project	280,837.00 (9/14/83)	323,135.86	603,972.86
	Subtotal	<u>\$ 1,524,103.88</u>	<u>\$ 4,367,509.63</u>	<u>\$ 5,891,613.51</u>
<u>Earthquake Recovery Project</u>				
9	Low/Mod. Income Housing Fund	\$ 10,242,188.00 (2/27/01)	\$ (8,742,000.00)	\$ 1,500,188.00
	Total Redevelopment Agency	<u>\$ 17,038,131.88</u>	<u>\$ 7,063,581.81</u>	<u>\$ 24,101,713.69</u>
<u>City of Santa Monica</u>				
10	City of Santa Monica General Fund	<u>\$ 10,242,188.00</u>	<u>\$ (8,742,000.00)</u>	<u>\$ 1,500,188.00</u>

II. FY2004-05 Financial Ability of Redevelopment Agency to Repay Promissory Notes

The following table summarizes (in millions) the budgeted sources and uses of Redevelopment Agency funds for FY2004-05, including sources and uses budgeted in the Low/Moderate Income Fund but financed from each of the indicated funds.

Sources	Downtown	Ocean Park	Earthquake
	Project Fund	Project Fund	Recovery Project Fund
Tax Increment	\$ 1.6	\$ 2.8	\$ 31.8
City Lease Payment for Parking Structure	1.2	-	-
Other	0.3	0.1	2.0
Total Sources	<u>\$ 3.1</u>	<u>\$ 2.9</u>	<u>\$ 33.8</u>

Uses	Downtown	Ocean Park	Earthquake
	Project	Project	Recovery Project
Operations	\$ 2.3	\$ 1.8	\$ 13.8
Loan Payment	-	-	2.5
Capital - Proposed Budget	0.8	0.9	17.8
Total Uses	<u>\$ 3.1</u>	<u>\$ 2.7</u>	<u>\$ 34.1</u>
Net Source (Use)	<u>\$ -</u>	<u>\$ 0.2</u>	<u>\$ (0.3) (1)</u>

(1) Portion of current fund balance is being used to fund the Earthquake Recovery Project net use.

ATTACHMENT B

FY 2003/04 FINANCIAL ACTIVITY ON OUTSTANDING PROMISSORY NOTES ^(a)

<u>Promissory Note</u>		<u>Promissory</u>	<u>Accrued</u>	<u>Repayment To</u>	<u>Promissory</u>
<u>No.</u>	<u>Description</u>	<u>Note Balance</u>	<u>Interest</u>	<u>General Fund</u>	<u>Note Balance</u>
		<u>7/1/03</u>	<u>7/1/03 - 6/30/04</u>	<u>7/1/03 - 6/30/04</u>	<u>7/1/04</u>
<u>Downtown Project</u>					
1	Downtown Redevelop. Proj. (d)	\$ 1,296,484.06	\$ 29,686.29	\$ 45,700.00	\$ 1,280,470.35
6	Downtown Redevelop. Proj. (d)	14,932,062.39	682,614.46	185,235.02	15,429,441.83
	Subtotal	<u>\$ 16,228,546.45</u>	<u>\$ 712,300.75</u>	<u>\$ 230,935.02</u>	<u>\$ 16,709,912.18</u>
<u>Ocean Park Project</u>					
2	Ocean Park Fed. Allocation (b)	\$ 5,167,201.79	\$ 120,438.86	\$ -	\$ 5,287,640.65
5	Ocean Park Fed. Allocation (c)	590,215.91	13,756.95	-	603,972.86
	Subtotal	<u>\$ 5,757,417.70</u>	<u>\$ 134,195.81</u>	<u>\$ -</u>	<u>\$ 5,891,613.51</u>
<u>Earthquake Recovery Project</u>					
9	Low/Mod. Income Hsing Fd. (e)	\$ 5,242,188.00	\$ 34,966.88	\$ 3,776,966.88	\$ 1,500,188.00
	Total Redevelop. Agency	<u>\$ 27,228,152.15</u>	<u>\$ 881,463.44</u>	<u>\$ 4,007,901.90</u>	<u>\$ 24,101,713.69</u>
<u>City of Santa Monica</u>					
10	City of Santa Monica Gen. Fd. (e)	\$ 5,242,188.00	\$ 34,966.88	\$ 3,776,966.88	\$ 1,500,188.00

(a) Effective July 1, 2004 Notes 1, 2, 5, 9 and 10 will carry an interest rate one half a percentage point (.5%) higher than the City's actual rate of investment earnings for fiscal year 2004-05. Note 6 will carry an interest rate of 4.60%. This is the same rate of interest on the refunded Downtown Redevelopment Project Lease Revenue Bonds, Series 2002.

(b) Reimbursement of CDBG funds used to pay interest on outstanding Federal Urban Renewal Loan Note; owed to City's CDBG Fund.

(c) Close out of Ocean Park Federal Urban Renewal Project; owed to the City's CDBG Fund.

(d) Represents the value of various parcels of property transferred from the City to the Agency for the Downtown Redevelopment Project (per Agency Resolution 352, 10/24/78); owed to General Fund.

(e) Represents Earthquake Recovery Redevelopment Project Area loan to the General Fund for housing projects, and loan by the General Fund to the Redevelopment Low/Moderate Income Housing Projects Fund to implement the housing projects.

ATTACHMENT C
PROMISSORY NOTES

PROMISSORY NOTE

Downtown
Redevelopment Project

Santa Monica, California
July 1, 2004

On June 30, 2005, for the value received, the undersigned promises to pay to the order of the City of Santa Monica, a municipal corporation, at Santa Monica, the sum of One Million, Two Hundred Eighty Thousand, Four Hundred Seventy Dollars and Thirty-Five Cents (\$1,280,470.35), with interest from July 1, 2004, at the rate of one-half of one percentage point (.5%) more than the City's actual rate of investment earnings for fiscal year 2004-05 (July 1, 2004 - June 30, 2005). This total amount now owed represents the original June 30, 1981 debt less subsequent payments plus subsequently incurred interest. In no event shall the interest rate be more than 12% per annum. Principal and interest are payable in lawful money of the United States. If action be instituted on this note, the undersigned promises to pay all costs of collection, including reasonable attorney's fees.

The Redevelopment Agency of
the City of Santa Monica

ATTEST:

BY: _____
Maria Stewart
Secretary

BY: _____
Richard Bloom
Chairperson

APPROVED AS TO FORM:

BY: _____
Marsha Jones Moutrie
Agency Attorney

P.N. #1

PROMISSORY NOTE

Océan Park
Federal Allocation

Santa Monica, California
July 1, 2004

On June 30, 2005, for the value received, the undersigned promises to pay to the order of the City of Santa Monica, a municipal corporation, at Santa Monica, the sum of Five Million, Two Hundred Eighty-Seven Thousand Six Hundred Forty Dollars and Sixty-Five Cents (\$5,287,640.65) with interest from July 1, 2004, at the rate of one-half of one percentage point (.5%) more than the City's actual rate of investment earnings for fiscal year 2004-05 (July 1, 2004 - June 30, 2005). This total amount now owed represents the original June 30, 1981 debt less subsequent payments plus subsequently incurred interest. In no event shall the interest rate be more than 12% per annum. Principal and interest are payable in lawful money of the United States. If action be instituted on this note, the undersigned promises to pay all costs of collection, including reasonable attorney's fees.

The Redevelopment Agency of
the City of Santa Monica

ATTEST:

BY: _____
Maria Stewart
Secretary

BY: _____
Richard Bloom
Chairperson

APPROVED AS TO FORM:

BY: _____
Marsha Jones Moutrie
Agency Attorney

P.N. #2

PROMISSORY NOTE

Ocean Park
Federal Allocation

Santa Monica, California
July 1, 2004

On June 30, 2005, for the value received, the undersigned promises to pay to the order of the City of Santa Monica, a municipal corporation, at Santa Monica, the sum of Six Hundred Three Thousand, Nine Hundred Seventy-Two Dollars and Eighty-Six Cents (\$603,972.86), with interest from July 1, 2004 at the rate of one-half of one percentage point (.5%) more than the City's actual rate of investment earnings for fiscal year 2004-05 (July 1, 2004 - June 30, 2005). This amount now owed represents the original September 14, 1983 debt less subsequent payments plus subsequently incurred interest. In no event shall the interest rate be more than 12% per annum. Principal and interest are payable in lawful money of the United States. If action be instituted on this note, the undersigned promises to pay all costs of collection, including reasonable attorney's fees.

The Redevelopment Agency of
the City of Santa Monica

ATTEST:

BY: _____
Maria Stewart
Secretary

BY: _____
Richard Bloom
Chairperson

APPROVED AS TO FORM:

BY: _____
Marsha Jones Moutrie
Agency Attorney

P.N. #5

PROMISSORY NOTE

Downtown
Redevelopment Project

Santa Monica, California
July 1, 2004

On June 30, 2005, for the value received, the undersigned promises to pay to the order of the City of Santa Monica, a municipal corporation, at Santa Monica, the sum of Fifteen Million, Four Hundred Twenty-Nine Thousand, Four Hundred Forty-One and Eighty-Three Cents (\$15,429,441.83), with interest from July 1, 2004 at the rate of four and sixty one hundredths percent (4.60%) per annum. This amount now owed represents the original October 24, 1978 debt less subsequent payments plus subsequently incurred interest. Principal and interest are payable in lawful money of the United States. If action be instituted on this note, the undersigned promises to pay all costs of collection, including reasonable attorney's fees.

The Redevelopment Agency of
the City of Santa Monica

ATTEST:

BY: _____
Maria Stewart
Secretary

BY: _____
Richard Bloom
Chairperson

APPROVED AS TO FORM:

BY: _____
Marsha Jones Moutrie
Agency Attorney

P.N. #6

PROMISSORY NOTE

Low/Moderate Income Housing
Redevelopment Project

Santa Monica, California
July 1, 2004

On June 30, 2005, for the value received, the undersigned promises to pay to the order of the City of Santa Monica, a municipal corporation, at Santa Monica, the sum of One Million, Five Hundred Thousand, One Hundred Eighty-Eight Dollars (\$1,500,188.00), with interest from July 1, 2004, at the rate of one-half of one percentage point (.5%) more than the City's actual rate of investment earnings for fiscal year 2004-05 (July 1, 2004 - June 30, 2005). This total amount now owed represents the original February 27, 2001 debt less subsequent payments plus subsequently incurred interest. In no event shall the interest rate be more than 12% per annum. Principal and interest are payable in lawful money of the United States. If action be instituted on this note, the undersigned promises to pay all costs of collection, including reasonable attorney's fees.

The Redevelopment Agency of
the City of Santa Monica

ATTEST:

BY: _____
Maria Stewart
Secretary

BY: _____
Richard Bloom
Chairperson

APPROVED AS TO FORM:

BY: _____
Marsha Jones Moutrie
Agency Attorney

P.N. #9

PROMISSORY NOTE

City of Santa Monica

Santa Monica, California
July 1, 2004

On June 30, 2005, for the value received, the undersigned promises to pay to the order of the Redevelopment Agency of the City of Santa Monica, at Santa Monica, the sum of One Million, Five Hundred Thousand, One Hundred Eighty-Eight Dollars and (\$1,500,188.00), with interest from July 1, 2004, at the rate of one-half of one percentage point (.5%) more than the Redevelopment Agency's City's actual rate of investment earnings for fiscal year 2004-05 (July 1, 2004 - June 30, 2005). This total amount now owed represents the original February 27, 2001 debt less subsequent payments plus subsequent incurred interest. In no event shall the interest rate be more than 12% per annum. Principal and interest are payable in lawful money of the United States. If action be instituted on this note, the undersigned promises to pay all costs of collection, including reasonable attorney's fees.

City of Santa Monica

ATTEST:

BY: _____
Maria Stewart
City Clerk

BY: _____
Richard Bloom
Mayor

APPROVED AS TO FORM:

BY: _____
Marsha Jones Moutrie
City Attorney

P.N. #10

SECOND AMENDMENT TO PROMISSORY NOTE
NOTE #1

Downtown
Redevelopment Project

This instrument is a Second Amendment to Promissory Note, entered into as of the 17th day of January, 2011, by and between the City of Santa Monica, a municipal corporation ("the City") and the Redevelopment Agency of the City of Santa Monica ("the Agency").

WITNESSETH:

Reference is hereby made to that certain promissory note dated July 1, 2004 executed by the Agency in favor of the City, in the original principal amount of \$1,280,470.35.

The aforementioned promissory note was amended on June 21, 2005 to provide that the Loan evidenced by the Note and any accrued interest shall be fully and immediately payable on demand of any holder thereof.

As of January 17, 2011, the total amount of the loan due to the City by the Agency, including principal and accrued interest, is \$1,593,022 ("total outstanding balance").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby and acknowledged, the City and the Agency hereby agree as follows:

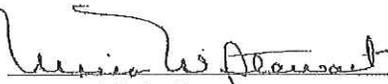
7. The Note is hereby amended to provide that the Loan evidenced by the Note and any accrued interest shall be payable to the City according the payment schedule attached hereto as Exhibit I, and that each year's payment will be made no later than June 29th of that year.
8. Interest will accrue on the total outstanding balance at a rate of 7%.
9. Except as amended herein, the Note shall remain in full force and effect.

IN WITNESS WHEREOF, the City and the Agency have caused this instrument to be duly executed as of this 17th day of January, 2011.

ATTEST:

Redevelopment Agency of the
City of Santa Monica

BY:


Maria Stewart
Secretary

BY:


Richard Bloom
Chairperson

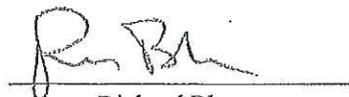
APPROVED AS TO FORM:

City of Santa Monica

BY:


Marsha Jones Moutrie
City Attorney
Agency Counsel

BY:


Richard Bloom
Mayor

SCHEDULE OF PAYMENTS DUE TO THE CITY FROM THE AGENCY
Note #1

Fiscal Year	Due to City	Interest @ 7%	Principal	Balance	Due Date
				\$ 1,593,022	
2010-11	\$ 138,450	\$ 111,512	\$ 26,938	\$ 1,566,084	June 29, 2011
2011-12	\$ 133,692	\$ 109,626	\$ 24,066	\$ 1,542,017	June 29, 2012
2012-13	\$ 139,542	\$ 107,941	\$ 31,601	\$ 1,510,417	June 29, 2013
2013-14	\$ 141,024	\$ 105,729	\$ 35,295	\$ 1,475,122	June 29, 2014
2014-15	\$ 136,968	\$ 103,259	\$ 33,709	\$ 1,441,412	June 29, 2015
2015-16	\$ 155,142	\$ 100,899	\$ 54,243	\$ 1,387,169	June 29, 2016
2016-17	\$ 158,262	\$ 97,102	\$ 61,160	\$ 1,326,009	June 29, 2017
2017-18	\$ 161,538	\$ 92,821	\$ 68,717	\$ 1,257,292	June 29, 2018
2018-19	\$ 164,736	\$ 88,010	\$ 76,726	\$ 1,180,566	June 29, 2019
2019-20	\$ 168,090	\$ 82,640	\$ 85,450	\$ 1,095,116	June 29, 2020
2020-21	\$ 171,522	\$ 76,658	\$ 94,864	\$ 1,000,252	June 29, 2021
2021-22	\$ 174,954	\$ 70,018	\$ 104,936	\$ 895,315	June 29, 2022
2022-23	\$ 178,542	\$ 62,672	\$ 115,870	\$ 779,445	June 29, 2023
2023-24	\$ 182,130	\$ 54,561	\$ 127,569	\$ 651,877	June 29, 2024
2024-25	\$ 185,874	\$ 45,631	\$ 140,243	\$ 511,634	June 29, 2025
2025-26	\$ 189,540	\$ 35,814	\$ 153,726	\$ 357,908	June 29, 2026
2026-27	\$ 193,440	\$ 25,054	\$ 168,386	\$ 189,522	June 29, 2027
2027-28	\$ 202,789	\$ 13,267	\$ 189,522	\$ -	June 29, 2028

SECOND AMENDMENT TO PROMISSORY NOTE
NOTE #6

Downtown
Redevelopment Project

This instrument is a Second Amendment to Promissory Note, entered into as of the 17th day of January, 2011, by and between the City of Santa Monica, a municipal corporation ("the City") and the Redevelopment Agency of the City of Santa Monica ("the Agency").

WITNESSETH:

Reference is hereby made to that certain promissory note dated July 1, 2004 executed by the Agency in favor of the City, in the original principal amount of \$15,429,441.83.

The aforementioned promissory note was amended on June 21, 2005 to provide that the Loan evidenced by the Note and any accrued interest shall be fully and immediately payable on demand of any holder thereof.

As of January 17, 2011, the total amount of the loan due to the City by the Agency, including principal and accrued interest, is \$18,741,928 ("total outstanding balance").

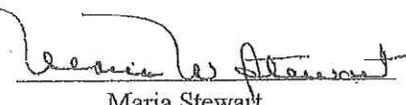
NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby and acknowledged, the City and the Agency hereby agree as follows:

10. The Note is hereby amended to provide that the Loan evidenced by the Note and any accrued interest shall be payable to the City according to the payment schedule attached hereto as Exhibit I, and that each year's payment will be made no later than June 29th of that year.
11. Interest will accrue on the total outstanding balance at a rate of 7%.
12. Except as amended herein, the Note shall remain in full force and effect.

IN WITNESS WHEREOF, the City and the Agency have caused this instrument to be duly executed as of this 17th day of January, 2011.

ATTEST:

Redevelopment Agency of the
City of Santa Monica

BY: 

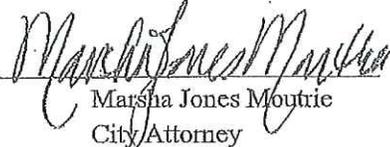
Maria Stewart
Secretary

BY: 

Richard Bloom
Chairperson

APPROVED AS TO FORM:

City of Santa Monica

BY: 

Marsha Jones Moutrie
City Attorney
Agency Counsel

BY: 

Richard Bloom
Mayor

SCHEDULE OF PAYMENTS DUE TO THE CITY FROM THE AGENCY
Note #6

Fiscal Year	Due to City	Interest @ 7%	Principal	Balance	Due Date
				\$ 18,741,928	
2010-11	\$ 1,636,550	\$ 1,311,935	\$ 324,615	\$ 18,417,313	June 29, 2011
2011-12	\$ 1,580,308	\$ 1,289,212	\$ 291,096	\$ 18,126,217	June 29, 2012
2012-13	\$ 1,649,458	\$ 1,268,835	\$ 380,623	\$ 17,745,594	June 29, 2013
2013-14	\$ 1,666,976	\$ 1,242,192	\$ 424,784	\$ 17,320,810	June 29, 2014
2014-15	\$ 1,619,032	\$ 1,212,457	\$ 406,575	\$ 16,914,234	June 29, 2015
2015-16	\$ 1,833,858	\$ 1,183,996	\$ 649,862	\$ 16,264,373	June 29, 2016
2016-17	\$ 1,870,738	\$ 1,138,506	\$ 732,232	\$ 15,532,141	June 29, 2017
2017-18	\$ 1,909,462	\$ 1,087,250	\$ 822,212	\$ 14,709,929	June 29, 2018
2018-19	\$ 1,947,264	\$ 1,029,695	\$ 917,569	\$ 13,792,360	June 29, 2019
2019-20	\$ 1,986,910	\$ 965,465	\$ 1,021,445	\$ 12,770,915	June 29, 2020
2020-21	\$ 2,027,478	\$ 893,964	\$ 1,133,514	\$ 11,637,401	June 29, 2021
2021-22	\$ 2,068,046	\$ 814,618	\$ 1,253,428	\$ 10,383,973	June 29, 2022
2022-23	\$ 2,110,458	\$ 726,878	\$ 1,383,580	\$ 9,000,393	June 29, 2023
2023-24	\$ 2,152,870	\$ 630,028	\$ 1,522,842	\$ 7,477,551	June 29, 2024
2024-25	\$ 2,197,126	\$ 523,429	\$ 1,673,697	\$ 5,803,853	June 29, 2025
2025-26	\$ 2,240,460	\$ 406,270	\$ 1,834,190	\$ 3,969,663	June 29, 2026
2026-27	\$ 2,286,560	\$ 277,876	\$ 2,008,684	\$ 1,960,979	June 29, 2027
2027-28	\$ 2,098,248	\$ 137,269	\$ 1,960,979	\$ -	June 29, 2028

**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

January 16, 2015

Ms. Tina Rodriguez, Successor Agency Administrator
City of Santa Monica
1901 Main Street, Suite B
Santa Monica, CA 90405

Dear Ms. Rodriguez:

Subject: Finding of Completion

The California Department of Finance (Finance) has completed the Finding of Completion for the City of Santa Monica Successor Agency.

Finance has completed its review of your documentation, which may have included reviewing supporting documentation submitted to substantiate payment or obtaining confirmation from the county auditor-controller. Pursuant to Health and Safety Code (HSC) section 34179.7, we are pleased to inform you that Finance has verified that the Agency has made full payment of the amounts determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5.

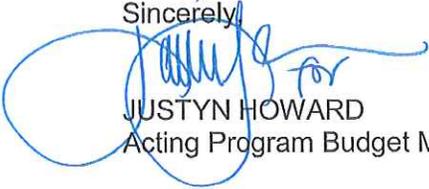
This letter serves as notification that a Finding of Completion has been granted. The Agency may now do the following:

- Place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). Loan repayments will be governed by criteria in HSC section 34191.4 (a) (2).
- Utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4 (c).

Additionally, the Agency is required to submit a Long-Range Property Management Plan to Finance for review and approval, per HSC section 34191.5 (b), within six months from the date of this letter.

Please direct inquiries to Derk Symons, Staff Finance Budget Analyst, or Chris Hill, Principal Program Budget Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Ms. Barbara Collins, Housing Manager, City of Santa Monica
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County
California State Controller's Office

Exhibit E

Loan Amortization Schedule - 1978 Downtown Promissory Note (Note 6)

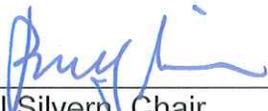
Enter values	
Total O/S loan as of 06.30.16	\$ 5,593,321.50
Simple interest rate	3.00 %
Loan period in years	10
Number of payments per year	1
Start date of loan	7/1/2015
Optional extra payments	\$ -

Loan summary	
Scheduled payment	
Scheduled number of payments	10
Actual number of payments	7
Total early payments	-
Total interest accrued after 7/1/15	\$ 814,667.36

Lender name: City of Santa Monica

PmtNo.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	7/1/2016	\$ 5,593,321.50	\$ 600,000.00	-	\$ 600,000.00	\$ 432,200.36	\$ 167,799.65	\$ 5,161,121.14	\$ 167,799.65
2	7/1/2017	5,161,121.14	500,000.00	-	500,000.00	345,166.37	154,833.63	4,815,954.78	322,633.28
3	7/1/2018	4,815,954.78	400,000.00	-	400,000.00	255,521.36	144,478.64	4,560,433.42	467,111.92
4	7/1/2019	4,560,433.42	1,190,000.00	-	1,190,000.00	1,053,187.00	136,813.00	3,507,246.43	603,924.93
5	7/1/2020	3,507,246.43	860,000.00	-	860,000.00	754,782.61	105,217.39	2,752,463.82	709,142.32
6	7/1/2021	2,752,463.82	2,070,000.00	-	2,070,000.00	1,987,426.09	82,573.91	765,037.73	791,716.23
7	7/1/2022	765,037.73	765,037.74	-	765,037.73	742,086.60	22,951.13	0.00	814,667.36

Adopted and approved this 19th day of January, 2016.



Paul Silvern, Chair
Successor Agency Oversight Board

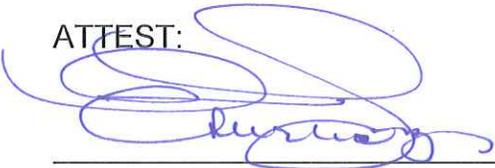
I, Esterlina Lugo, Secretary to the Successor Agency Oversight Board, do hereby certify that the foregoing Resolution No. 34 (SAS-Oversight Board) was duly adopted at a meeting of the Oversight Board meeting held on the 19th day of January, 2016, by the following vote:

AYES: Board Members Dijkstra, Girard, Kanschat, Maez, Varon, Chair Silvern

NOES: None

ABSENT: Vice-Chair Moran

ATTEST:



Esterlina Lugo, Secretary
Successor Agency Oversight Board