

RESOLUTION NO. 37 (SAS) Oversight Board

A RESOLUTION OF THE SANTA MONICA SUCCESSOR
AGENCY OVERSIGHT BOARD APPROVING
PROMISSORY NOTE B FOR PARTIAL PAYMENT OF
PARKING STRUCTURES 1-6 AS AN ENFORCEABLE
OBLIGATION

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, Senate Bill 107 ("SB 107") was passed by the State Legislature on September 11, 2015, as a budget trailer bill and was chaptered on September 22, 2015; 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 "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"), a copy of Promissory Note B which is attached hereto as Exhibit "C", and incorporated herein by this reference; and

WHEREAS, the Oversight Board on September 21, 2015 made a finding that the Loan consisting of Promissory Note A and Promissory Note B from the Authority to the former Redevelopment Agency for Parking Structures 1-6 was for a legitimate redevelopment purpose and an enforceable obligation; and

WHEREAS, the Successor Agency submitted the findings and actions of the Oversight Board on September 21, 2015 to the Department of Finance ("DOF"), and specifically requested approval of the re-payment schedule for Promissory Note A; and

WHEREAS, the DOF reviewed and approved the findings and actions of the Oversight Board on September 21, 2015, and by letter dated November 6, 2015 (the "DOF Letter"), a copy of which is attached hereto as Exhibit "D", the DOF authorized the Successor Agency to place the "loan agreement" on the Recognized Obligation Payment Schedule ("ROPS"); and

WHEREAS, the Successor Agency now seeks to place Promissory Note B on the annual ROPS for 2016-17; and

WHEREAS, based upon its prior findings and actions on September 25, 2015, and after reviewing documentation and oral presentations made at the public meeting of the Oversight Board on March 21, 2016, the Oversight Board approves the repayment of Promissory Note B on ROPS 16-17 in accordance with 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.

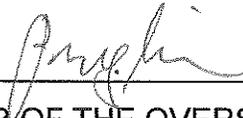
SECTION 2. The Oversight Board hereby approves the placement of Promissory Note B on ROPS 16-17 in accordance with the repayment schedule attached hereto as Exhibit "E".

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: Finding of Completion

Exhibit B: The Agreement

Exhibit C: Promissory Note B

Exhibit D: DOF Letter

Exhibit E: Promissory Note B-Loan Repayment Schedule

Adopted and approved this 21st day of March, 2016.



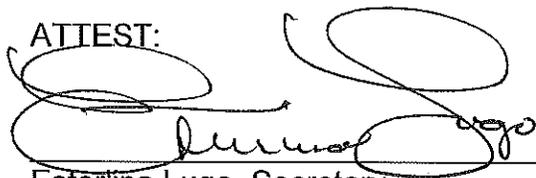
Paul Silvern, Chair
Successor Agency Oversight Board

I, Esterlina Lugo, Secretary to the Successor Agency Oversight Board, do hereby certify that the foregoing Resolution No. 37 (SAS-Oversight Board) was duly adopted at a meeting of the Oversight Board meeting held on the 21st day of March, 2016, by the following vote:

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

NOES: None

ABSENT: Vice-Chair Moran

ATTEST:


Esterlina Lugo, Secretary
Successor Agency Oversight Board