

RESOLUTION 16-02

A RESOLUTION OF THE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE FORMER
REDEVELOPMENT AGENCY OF THE CITY OF SANTA
CLARITA APPROVING A FIRST AMENDMENT TO AN
AGREEMENT REGARDING REINSTATEMENT OF CITY
LOANS MADE TO THE FORMER REDEVELOPMENT
AGENCY

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 Santa Clarita (“Redevelopment Agency”) had responsibility to implement the Redevelopment Plans for the Newhall Redevelopment Project Area (“Project Area”); and

WHEREAS, the City of Santa Clarita (“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 agree 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 Areas; 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 loans (collectively, the “Loans”) to the Redevelopment Agency:

- (a) a loan in the original principal amount of \$500,000, in accordance with the terms set forth in City Council Resolution No. 96-101 and Redevelopment Agency Resolution No. 96-2, each dated July 9, 1996 for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding operating costs for the Redevelopment Agency; and
- (b) a loan in the original principal amount of \$750,000, in accordance with the terms set forth in City Council Resolution No. 98-94 and Redevelopment

Agency Resolution No. 98-2, each dated June 23, 1998, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of operating costs for the Redevelopment Agency; and

- (c) a loan in the original principal amount of \$445,000, in accordance with the terms set forth in City Council Resolution No. 00-95 and Redevelopment Agency Resolution No. 00-1, each dated June 27, 2000, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of operating costs for the Redevelopment Agency; and
- (d) a loan in the original principal amount of \$50,000, in accordance with the terms set forth in City Council Resolution No. 03-48 and Redevelopment Agency Resolution No. 03-1, each dated April 8, 2003, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of streetscape along San Fernando Road; and
- (e) a loan in the original principal amount of \$160,000, in accordance with the terms set forth in City Council Resolution No. 03-85 and Redevelopment Agency Resolution No. 03-3, each dated June 24, 2003, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of streetscape design; and
- (f) a loan in the original principal amount of \$250,000, in accordance with the terms set forth in City Council Resolution No. 04-74 and Redevelopment Agency Resolution No. 04-2, each dated June 8, 2004, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of the Downtown Newhall Specific Plan; and
- (g) a loan in the original principal amount of \$335,000, in accordance with the terms set forth in City Council Resolution No. 04-74 and Redevelopment Agency Resolution No. 04-2, each dated June 8, 2004, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of the Downtown Newhall Specific Plan; and
- (h) a loan in the original principal amount of \$845,000, in accordance with the terms set forth in City Council Resolution No. 05-13 and Redevelopment Agency Resolution No. 05-1, each dated January 25, 2005, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the acquisition of property located at 24513 San Fernando Road; and
- (i) a loan in the original principal amount of \$770,000, in accordance with the terms set forth in City Council Resolution No. 06-4 and Redevelopment Agency Resolution No. 06-2, each dated January 10, 2006, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the acquisition of property located at 24158 San Fernando Road; and

- (j) a loan in the original principal amount of \$250,000, in accordance with the terms set forth in City Council Resolution No. 06-3 and Redevelopment Agency Resolution No. 06-1, each dated January 10, 2006, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of the Downtown Newhall Specific Plan; and
- (k) a loan in the original principal amount of \$439,400, in accordance with the terms set forth in City Council Resolution No. 06-40 and Redevelopment Agency Resolution No. 06-3, each dated May 9, 2006, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding the North Newhall Specific Plan and Environmental Impact Report; and
- (l) a loan in the original principal amount of \$5,000,000, in accordance with the terms set forth in City Council Resolution No. 06-71 and Redevelopment Agency Resolution No. 06-5, each dated June 27, 2006, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of streetscape and striping projects; and
- (m) a loan in the original principal amount of \$2,550,000, in accordance with the terms set forth in City Council Resolution No. 09-105 and Redevelopment Agency Resolution No. 9-15, each dated December 8, 2009, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of phase II of the streetscape project; and
- (n) a loan in the original principal amount of \$2,309,886, in accordance with the terms set forth in City Council Resolution No. 10-42 and Redevelopment Agency Resolution No. 10-5, each dated June 22, 2010, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of phase II of the streetscape project; and

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 June 20, 2013; and

WHEREAS, on February 24, 2015, the City adopted Resolution No. 15-05 and the Successor Agency adopted Resolution No. 15-01, each of which authorized execution of an Agreement Regarding Reinstatement of Loan (“Agreement”), which includes the terms and conditions for the repayment of the Loans, including but not limited to the then-applicable statutory interest rates for each individual Loan as set forth in Health and Safety Code Section 34191.4(b); and

WHEREAS, on February 25, 2015, this Oversight Board for the Successor Agency (“Oversight Board”) adopted Resolution No. 15-02 pursuant to which the Oversight Board adopted findings determining that the Loans were made for legitimate redevelopment purposes as authorized by and consistent with the CRL, authorized the Successor Agency to enter into the Agreement, and authorized the Successor Agency to list the Agreement and repayment of the Loans on the ROPS; and

WHEREAS, On September 22, 2015, Governor Brown signed Senate Bill 107, a budget bill including, among other things, a modification to the language of Health and Safety Code Section 34191.4(b) concerning the manner in which interest on Sponsoring Jurisdiction Loans is to be calculated; and

WHEREAS, Health and Safety Code Section 34191.4(b)(2) as written after the adoption of Senate Bill 107 now provides that: (i) interest on the remaining principal amount of the Loans that was left unpaid after the original effective date thereof is to be recalculated from the date of origination as approved by the former Redevelopment Agency on a quarterly basis, at a simple interest rate of 3 percent, (ii) Sponsoring Jurisdiction Loans shall be repaid to the sponsoring jurisdiction in accordance with a defined schedule over a reasonable term of years and otherwise in compliance with the limitations of Section 34191.4(b)(2), and (iii) the annual amount of repayments for Sponsoring Jurisdiction Loans provided for in the Recognized Obligation Payment Schedule (“ROPS”) is subject to specified limitation; and

WHEREAS, on December 2, 2015, the Department of Finance sent to the City’s finance staff the recalculated Loan balance, in compliance with the new statutory calculation rates and procedures; and

WHEREAS, Successor Agency staff have prepared a First Amendment to Agreement Regarding Reinstatement of Loans (the “Agreement”) which provides for repayment of the Loans in accordance with the requirements of Health and Safety Code Section 34191.4(b), in particular the new requirements regarding calculation of interest; and

WHEREAS, on January 26, 2016, the Successor Agency adopted Resolution No. 16-___ approving repayment of the Loans in accordance with the Amendment, subject to this Oversight Board’s approval.

NOW, THEREFORE, the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Santa Clarita does hereby resolve as follows:

SECTION 1. The Oversight Board hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the adoption of this Resolution.

SECTION 2. The Amendment is approved, and the Executive Director of the Successor Agency or his designee is authorized to execute the Amendment on behalf of the Successor Agency substantially in the form presented with the staff report accompanying this Resolution.

SECTION 3. The Successor Agency is authorized and directed to list the Agreement as modified by the Amendment and the repayment of the Loans on the Successor Agency's ROPS for the July 1, 2016 to June 30, 2017 period ("ROPS 16-17") and for each succeeding ROPS period until the Loans are repaid in full in accordance with the Agreement.

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

SECTION 6. The Oversight Board Meeting Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED, AND ADOPTED this 28th day of January 2016.



Kenneth W. Striplin
Chairman

ATTEST:



Marilyn Sourgose
Oversight Board Meeting Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF SANTA CLARITA)

I, Marilyn Sourgose, Oversight Board Meeting Clerk, do hereby certify that the foregoing Resolution was duly adopted by the Oversight Board of the Successor Agency to the Former Redevelopment Agency of the City of Santa Clarita at a regular meeting thereof, held on the 28th day of January 2016, by the following vote:

AYES: DORTCH, HERNANDEZ, KOEGLE, STRIPLIN, SWARTZ

NOES:

ABSENT: COLEAL, ENGBRECHT



Oversight Board Meeting Clerk

**FIRST AMENDMENT TO
AGREEMENT REGARDING REINSTATEMENT OF LOAN**

(City of Santa Clarita/Successor Agency to the former Redevelopment Agency of the City of
Santa Clarita)

THIS FIRST AMENDMENT TO AGREEMENT REGARDING REINSTATEMENT OF LOAN (this “**Amendment**”) is entered into by and between the Successor Agency to former Redevelopment Agency of the City of Santa Clarita (“**Successor Agency**”) and the City of Santa Clarita, a municipal corporation (“**City**”), effective as of the execution of this Amendment by both of the Successor Agency and the City, which are hereinafter collectively referred to as the “**Parties.**” Notwithstanding the foregoing, for reference and for purposes of calculations necessary to effectuate the purposes of this Amendment, the parties agree that December 31, 2015 shall be considered the effective date for this Amendment (“**Effective Date**”).

RECITALS

A. 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 Santa Clarita (“**Redevelopment Agency**”) had responsibility to implement the Redevelopment Plans for the Newhall Redevelopment Project Area (“**Project Area**”).

B. The City Council of the City of Santa Clarita (“**City Council**”) agreed to serve as the successor agency to the Redevelopment Agency commencing upon dissolution of the Redevelopment Agency on February 1, 2012 pursuant to Assembly Bill x1 26.

C. 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.

D. 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 agree 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 Areas.

E. 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.

F. Consistent with the foregoing authority, the City made the following loans (the “**Loans**”) to the Redevelopment Agency:

- (a) a loan in the original principal amount of \$500,000, in accordance with the terms set forth in City Council Resolution No. 96-101 and Redevelopment Agency Resolution No. 96-2, each dated July 9, 1996, for the purpose of

advancing funds to assist in the redevelopment of the Project Area, including the funding operating costs for the Redevelopment Agency; and

- (b) a loan in the original principal amount of \$750,000, in accordance with the terms set forth in City Council Resolution No. 98-94 and Redevelopment Agency Resolution No. 98-2, each dated June 23, 1998, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of operating costs for the Redevelopment Agency; and
- (c) a loan in the original principal amount of \$445,000, in accordance with the terms set forth in City Council Resolution No. 00-95 and Redevelopment Agency Resolution No. 00-1, each dated June 27, 2000, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of operating costs for the Redevelopment Agency; and
- (d) a loan in the original principal amount of \$50,000, in accordance with the terms set forth in City Council Resolution No. 03-48 and Redevelopment Agency Resolution No. 03-1, each dated April 8, 2003, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of streetscape along San Fernando Road; and
- (e) a loan in the original principal amount of \$160,000, in accordance with the terms set forth in City Council Resolution No. 03-85 and Redevelopment Agency Resolution No. 03-3, each dated June 24, 2003, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of streetscape design; and
- (f) a loan in the original principal amount of \$250,000, in accordance with the terms set forth in City Council Resolution No. 04-74 and Redevelopment Agency Resolution No. 04-2, each dated June 8, 2004, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of the Downtown Newhall Specific Plan; and
- (g) a loan in the original principal amount of \$335,000, in accordance with the terms set forth in City Council Resolution No. 04-74 and Redevelopment Agency Resolution No. 04-2, each dated June 8, 2004, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of the Downtown Newhall Specific Plan; and
- (h) a loan in the original principal amount of \$845,000, in accordance with the terms set forth in City Council Resolution No. 05-13 and Redevelopment Agency Resolution No. 05-1, each dated January 25, 2005, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the acquisition of property located at 24513 San Fernando Road; and
- (i) a loan in the original principal amount of \$770,000, in accordance with the terms set forth in City Council Resolution No. 06-4 and Redevelopment Agency Resolution No. 06-2, each dated January 10, 2006, for the purpose of

advancing funds to assist in the redevelopment of the Project Area, including the acquisition of property located at 24158 San Fernando Road; and

- (j) a loan in the original principal amount of \$250,000, in accordance with the terms set forth in City Council Resolution No. 06-3 and Redevelopment Agency Resolution No. 06-1, each dated January 10, 2006, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of the Downtown Newhall Specific Plan; and
- (k) a loan in the original principal amount of \$439,400, in accordance with the terms set forth in City Council Resolution No. 06-40 and Redevelopment Agency Resolution No. 06-3, each dated May 9, 2006, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding the North Newhall Specific Plan and Environmental Impact Report; and
- (l) a loan in the original principal amount of \$5,000,000, in accordance with the terms set forth in City Council Resolution No. 06-71 and Redevelopment Agency Resolution No. 06-5, each dated June 27, 2006, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of streetscape and striping projects; and
- (m) a loan in the original principal amount of \$2,550,000, in accordance with the terms set forth in City Council Resolution No. 09-105 and Redevelopment Agency Resolution No. 9-15, each dated December 8, 2009, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of phase II of the streetscape project; and
- (n) a loan in the original principal amount of \$2,309,886, in accordance with the terms set forth in City Council Resolution No. 10-42 and Redevelopment Agency Resolution No. 10-5, each dated June 22, 2010, for the purpose of advancing funds to assist in the redevelopment of the Project Area, including the funding of phase II of the streetscape project; and

G. 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.

H. The Successor Agency received a Finding of Completion on June 20, 2013.

I. On February 24, 2015, the City adopted Resolution No. 15-05 and the Successor Agency adopted Resolution No. 15-01, each of which authorized execution of an Agreement Regarding Reinstatement of Loan (“**Agreement**”), which includes the terms and conditions for the repayment of the Loans, including but not limited to the then-applicable statutory interest rates for each individual Loan as set forth in Health and Safety Code Section 34191.4(b).

J. On February 25, 2015, the Oversight Board for the Successor Agency (“**Oversight Board**”) adopted Resolution No. 15-01 pursuant to which the Oversight Board adopted findings determining that the Loans were made for legitimate redevelopment purposes as authorized by and consistent with the CRL, authorized the Successor Agency to enter into the Agreement, and authorized the Successor Agency to list the Agreement and repayment of the Loans on the ROPS.

K. On September 22, 2015, Governor Brown signed Senate Bill 107, a budget bill including, among other things, a modification to the language of Health and Safety Code Section 34191.4(b) concerning the manner in which interest on Sponsoring Jurisdiction Loans is to be calculated.

L. Health and Safety Code Section 34191.4(b)(2) as written after the adoption of Senate Bill 107 now provides that: (i) interest on the remaining principal amount of the Loans that was left unpaid after the original effective date thereof is to be recalculated from the date of origination as approved by the former Redevelopment Agency on a quarterly basis, at a simple interest rate of 3 percent, (ii) Sponsoring Jurisdiction Loans shall be repaid to the sponsoring jurisdiction in accordance with a defined schedule over a reasonable term of years and otherwise in compliance with the limitations of Section 34191.4(b)(2), and (iii) the annual amount of repayments for Sponsoring Jurisdiction Loans provided for in the Recognized Obligation Payment Schedule (“**ROPS**”) is subject to specified limitations.

M. On December 2, 2015, the Department of Finance sent to the City’s finance staff the recalculated Loan balance, in compliance with the new statutory calculation rates and procedures.

N. As part of the recalculation of the Loans and the new statutory guidelines for accrual of and calculation of interest on the Loans, the Department of Finance has treated all fourteen of the Loans as a single debt from the Successor Agency to the City, so there is no longer a need to list the Loans separately in the Agreement.

O. On January 28, 2016, the Oversight Board adopted Resolution No. 16-02 pursuant to which the Oversight Board authorized the Successor Agency to enter into the Amendment and authorized the Successor Agency to list the Agreement as Amended and the repayment of the Loans on the ROPS.

NOW, THEREFORE, the Successor Agency and the City agree as follows:

1. Amendment to Section 1 of the Agreement. Section 1 [Reinstatement of Loans] of the Agreement is amended to read in whole as follows:

1. Reinstatement of Loans. The Parties acknowledge and agree that pursuant to the facts stated in the foregoing Recitals, which by this reference are incorporated into this Agreement, the Loans constitute enforceable obligations, eligible to be listed on the Successor Agency’s ROPS and repaid pursuant to and in accordance with Health and Safety Code Section 34191.4(b). In accordance with Health and Safety Code Section 34191.4(b)(2), the interest accumulated on the outstanding principal balance of the Loans from origination through the

Effective Date of the Amendment (“**Accumulated Interest**”) is as set forth below, based upon calculations performed by the Department of Finance and reviewed by the City and Successor Agency. The Parties acknowledge and agree that as of the Effective Date of the Amendment, the outstanding principal balance and accumulated interest of the Loans is as follows:

The Accumulated Interest of the Loans as calculated by the Department of Finance and City staff, as of the Effective Date, equals \$3,270,084. When added to the \$12,283,473 principal amount, taking in to account all payments made on any and all of the loans to date, the total due to the City for the Loans as of the Effective Date is \$15,553,557.

Commencing upon the Effective Date of the Amendment, interest shall accrue on the outstanding principal balance of the Loans and the interest accrued thereon (including the Accumulated Interest) at a rate equal to the rate set forth in Health and Safety Code Section 34191.4(b)(2) (the “**Interest Rate**”). Interest shall accrue in accordance with this Section until the Loans are repaid in full. Interest shall be calculated on the basis of a year of 365 days and charged for the actual number of days elapsed. City and Successor Agency staff are authorized to modify the Interest Rate or any other calculation related to the total amount required to repay the Loan to reflect any changes to the language of Health and Safety Code Section 34191.4(b)(2) subsequent to the Effective Date.

2. Remainder Unchanged. Except as specifically modified by Section 1 hereof, the Agreement and all of its terms and conditions remains in full force and effect.

3. Further Modifications to Reflect Legal Changes. The City and Successor Agency recognize that the California State Legislature may continue to modify the Health and Safety Code provisions governing the repayment of the Loans, and that the Department of Finance may make changes to its interpretations of those provisions. City and Successor Agency Staff are authorized to make administrative modifications to the Agreement (as modified by this Amendment) to reflect any legal changes made by the Legislature or Department of Finance and to report such administrative modifications to the City Council and Successor Agency Board.

4. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

SIGNATURES ON FOLLOWING PAGES.

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of the date first written above.

CITY:

SUCCESSOR AGENCY:

CITY OF SANTA CLARITA

**SUCCESSOR AGENCY TO THE
FORMER REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA**

By: _____
City Manager

By: _____
Executive Director

Attest: _____
City Clerk

Attest: _____
Secretary

Approved as to form:

Approved as to form:

By: _____
City Attorney

By: _____
Successor Agency Counsel