

**OVERSIGHT BOARD OF THE  
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY**

**A G E N D A**

**AUGUST 22, 2012**

**City of Imperial Beach Council Chambers  
825 Imperial Beach Boulevard  
Imperial Beach, CA 91932**

**SPECIAL MEETING – 10:30 a.m.**

The Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency is endeavoring to be in total compliance with the Americans with Disabilities Act (ADA). If you require assistance or auxiliary aids in order to participate at Oversight Board meetings, please contact the City Clerk's/Secretary's Office at (619) 423-8301, as far in advance of the meeting as possible.

- 1. CALL TO ORDER**
- 2. ROLL CALL BY CITY CLERK/SECRETARY**
- 3. PUBLIC COMMENT** - Each person wishing to address the Oversight Board regarding items not on the posted agenda may do so at this time. In accordance with State law, the Oversight Board may not take action on an item not scheduled on the agenda. If appropriate, the item will be referred to the Successor Agency staff or placed on a future agenda.
- 4. NEW BUSINESS**
  - A. APPROVAL OF MINUTES.**  
Recommendation: Approve the minutes of the June 13, 2012 Regular Meeting.
  - B. OVERVIEW REPORT ON ASSEMBLY BILL (AB) 1484.**  
Recommendation: Receive report.
  - C. ADOPTION OF RESOLUTION NO. OB-12-07 OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE ADMINISTRATIVE BUDGET FOR THE PERIOD OF JANUARY 1, 2013 THROUGH JUNE 30, 2013 AND RELATED ACTIONS.**  
Recommendation: Adopt resolution.

**Continued on Next Page**

**Any writings or documents provided to a majority of the Oversight Board regarding any item on this agenda will be made available for public inspection in the office of the City Clerk located at 825 Imperial Beach Blvd., Imperial Beach, CA 91932 during normal business hours.**

**4. NEW BUSINESS (Continued)**

- D. ADOPTION OF RESOLUTION NO. OB-12-08 OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY DETERMINING, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34176(g)(1)(B), THAT THE HOUSING AUTHORITY'S DESIGNATIONS OF THE USE AND COMMITMENT OF CERTAIN PROCEEDS DERIVED FROM HOUSING BONDS ISSUED PRIOR TO JANUARY 1, 2011 FOR PURPOSES OF AFFORDABLE HOUSING ARE CONSISTENT WITH THE HOUSING BONDS COVENANT OBLIGATIONS, INCLUDING REQUIREMENTS RELATING TO TAX STATUS, AND THAT THERE ARE SUFFICIENT HOUSING BONDS PROCEEDS AVAILABLE FOR THE DESIGNATED PURPOSES.**

Recommendation: Adopt Resolution Number OB-12-08 determining that:

1. The Housing Authority's designations of the use and commitment of certain proceeds derived from housing bonds issued prior to January 1, 2011, toward the purposes of the Affordable Housing projects are consistent with the housing bonds covenant obligations, including requirements relating to tax status; and
2. That there are sufficient housing bonds proceeds available for the designated purposes.

- E. ADOPTION OF RESOLUTION NO. OB-12-09 OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE PERIOD OF JANUARY 1, 2013 THROUGH JUNE 30, 2013 AND APPROVING CERTAIN RELATED ACTIONS PURSUANT TO PART 1.85 OF THE CALIFORNIA HEALTH AND SAFETY CODE.**

Recommendation: Adopt resolution.

**5. OLD BUSINESS**

None.

**6. ADJOURNMENT**

**For your convenience, a copy of the agenda and meeting packet may be viewed in the office of the City Clerk at City Hall or on our website at [www.cityofib.com](http://www.cityofib.com). Go to the Imperial Beach Redevelopment Agency Successor Agency page located under the Government Section.**

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/s/  
Jacqueline M. Hald, MMC  
City Clerk/Secretary

DRAFT

MINUTES

OVERSIGHT BOARD OF THE  
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

JUNE 13, 2012

City of Imperial Beach Council Chambers  
825 Imperial Beach Boulevard  
Imperial Beach, CA 91932

REGULAR MEETING – 10:30 a.m.

1. **CALL TO ORDER**

CHAIR PERSON WINTER called the meeting to order at 10:31 a.m.

2. **ROLL CALL BY CITY CLERK/SECRETARY**

Oversight Board Members present: Foltz, Goodwin-Colbert, Saadat, West

Oversight Board Members absent: Hentschke

Vice Chair present: Fernandez

Chair present: Winter

Staff present: Executive Director Brown, Deputy Executive Director Wade, City Attorney Lyon, Finance Director, McGrane, City Clerk/Secretary Hald

3. **PUBLIC COMMENT**

None.

4. **NEW BUSINESS**

**A. APPROVAL OF MINUTES.**

**MOTION BY WINTER, SECOND BY WEST, TO APPROVE THE MINUTES OF THE APRIL 11, 2012 SPECIAL MEETING. MOTION CARRIED BY THE FOLLOWING VOTE:**

**AYES: BOARD MEMBERS: FOLTZ, GOODWIN, WINTER, FERNANDEZ, SAADAT, WEST**

**NOES: BOARD MEMBERS: NONE**

**ABSENT: BOARD MEMBERS: HENTSCHKE**

**B. ADOPT RESOLUTION NO. OB-12-06 APPROVING THE SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY TO DECEMBER 2012 AND RELATED ACTIONS.**

CHAIR PERSON WINTER introduced the item and announced a revised Resolution No. OB-12-06 was submitted as last minute agenda information.

DEPUTY EXECUTIVE DIRECTOR WADE reported on the item.

FINANCE DIRECTOR MCGRANE explained that the percentage of staff time spent on Successor Agency matters is high because of staff's effort to satisfy requirements dictated by AB 26. He further explained that there will be an audit whereby staff time spent on Successor Agency matters will be verified. He also reviewed the process by which labor costs were determined.

CITY ATTORNEY LYON explained that there is a need for a General Attorney to address general municipal issues and a need for a Redevelopment Attorney to address matters related to AB 26.

**MOTION BY SAADAT, SECOND BY FOLTZ, TO ADOPT RESOLUTION NO. OB-12-06 APPROVING THE SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY TO DECEMBER 2012 AND RELATED ACTIONS. MOTION CARRIED BY THE FOLLOWING VOTE:**

**AYES: BOARD MEMBERS: FOLTZ, GOODWIN, WINTER, FERNANDEZ, SAADAT, WEST**

**NOES: BOARD MEMBERS: NONE**

**ABSENT: BOARD MEMBERS: HENTSCHKE**

**C. STATE DEPARTMENT OF FINANCE ROPS REVIEW AND COUNTY DISTRIBUTION OF REDEVELOPMENT PROPERTY TAX TRUST FUNDS.**

BOARD MEMBER WEST left Council Chambers at 10:45 a.m. due to a potential conflict of interest on the item.

DEPUTY EXECUTIVE DIRECTOR WADE reported on the item.

BOARD MEMBER WEST returned to Council Chambers at 10:51 a.m.

**D. REDEVELOPMENT IN IMPERIAL BEACH.**

DEPUTY EXECUTIVE DIRECTOR WADE gave a Power Point presentation on Redevelopment in Imperial Beach including an overview of completed projects, projects under construction and proposed projects.

BOARD MEMBER WEST left Council Chambers at 11:28 a.m. while there was a discussion on Pubic Improvements. He returned to the Council Chambers at 11:31 a.m.

DEPUTY EXECUTIVE DIRECTOR WADE responded to questions of the Board. He stated that there are two pending Façade Improvement projects and that the rest of the Façade Improvement project applications will not be processed unless other funding sources become available. Some Clean and Green applications can be processed using 2003 bond funding.

CHAIR PERSON WINTER recognized staff for their long history of pursuing grant funding to help pay for projects.

In response to Board Member West's question about top priorities, DEPUTY EXECUTIVE DIRECTOR WADE responded that through redevelopment, the City has realized a substantial amount of improvements that would not have otherwise occurred. Additionally, the grant money would not likely have come our way but for the ability to match the funds with redevelopment money. Because of the importance of redevelopment and the private Investment it creates as well as property tax increases that come back to the City as well as other taxing entities it is important to staff that as we continue to implement the projects that we have been working on for many years.

ESTEAN LENYON, representing Sudberry Properties, reported on the development process of the Palm and 9<sup>th</sup> property. He estimated an 18-month timeframe for build out of the project. He thanked the Board for their support.

CHAIR PERSON WINTER stated that Imperial Beach has embodied the true meaning of redevelopment. She noted that if it weren't for redevelopment, we we would not have the improved quality of life that we have here right now. Redevelopment is a catalyst for more economic development.

EXECUTIVE DIRECTOR BROWN thanked the Board Members for their time, noting that their roll will play a big part in helping the City through a difficult transition and in the City's future. He recognized Deputy Executive Director Wade for his leadership on many of the redevelopment projects.

DEPUTY EXECUTIVE DIRECTOR WADE stated that due to the dissolution of redevelopment, administrative costs can no longer be paid for with redevelopment funds and as such, the City has been faced with significant staffing challenges that are resulting in layoffs.

**5. OLD BUSINESS**

None.

**6. ADJOURNMENT**

The meeting was adjourned at 11:58 a.m.

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MAYDA WINTER, CHAIR PERSON

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JACQUELINE M. HALD, MMC  
CITY CLERK/SECRETARY



STAFF REPORT  
OVERSIGHT BOARD  
TO THE  
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

TO: CHAIR AND MEMBERS OF THE OVERSIGHT BOARD TO THE  
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR  
AGENCY

FROM: GARY BROWN, CITY MANAGER/EXECUTIVE DIRECTOR  
GREG WADE, DEPUTY DIRECTOR *GW*

MEETING DATE: AUGUST 22, 2012

SUBJECT: OVERVIEW REPORT ON ASSEMBLY BILL (AB) 1484

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**BACKGROUND:**

On June 28, 2011, AB x1 26 ("AB 26") was signed into law by the Governor of California which called for the dissolution of redevelopment agencies throughout the state and established the procedures by which this was to be accomplished. On December 29, 2011, AB 26 was largely upheld by the California State Supreme Court with some of the dates by which certain dissolution actions were to occur pushed back by four months. As a result of the Supreme Court's decision, and on February 1, 2012, all California redevelopment agencies were dissolved, successor agencies to the former redevelopment agencies were established and were tasked with paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and winding down the affairs of the former redevelopment agencies.

As part of the wind-down process enacted by AB 26, the City Council adopted Resolution No. 2012-7136 on January 5, 2012, electing for the City to serve as the successor agency to the Redevelopment Agency ("Successor Agency") upon the dissolution of the Redevelopment Agency under AB 26. As also required by AB 26, a seven-member Oversight Board consisting of representatives of the affected taxing entities, resident representatives of the City of Imperial Beach and staff of the former Redevelopment Agency was created to oversee the activities of the Successor Agency.

**DISCUSSION:**

On June 27, 2012, the State Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012) as a trailer bill for the Fiscal Year 2012-2013 State budget package. Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 also imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind-down process of former redevelopment agencies.

At the Oversight Board meeting on August 22, 2012, staff will provide an overview of AB 1484. Attached to this staff report are two documents prepared by the League of California Cities on

AB 1484. The first is a summary of AB 1484 and the other provides a timeline and key dates and deadlines required under this new legislation.

**ENVIRONMENTAL DETERMINATION:**

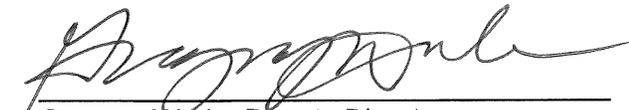
Not a project as defined by CEQA.

**FISCAL IMPACT:**

None with this report.

**DIRECTOR'S RECOMMENDATION:**

Staff recommends that the Oversight Board to the Imperial Beach Redevelopment Agency Successor Agency receive this overview report on Assembly Bill (AB) 1484.

  
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Gregory Wade, Deputy Director

Attachments:

1. AB 1484 Summary
2. AB 1484 Timeline



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## Major Provisions of AB 1484<sup>1</sup>

### 1. **Three payments:** Successor agency must make three payments:

- July 12: Taxing entities' share of December 2011 property tax distribution to redevelopment agency/successor agency
- November 28: Low-Moderate Income Housing Fund
- April 10: Unencumbered cash

In addition to these three payments, if a successor agency did not make complete 2011-12 pass-through payments, amount of payment not made will be deducted from property tax distribution from auditor-controller.<sup>2</sup>

### 2. **New audit by October 1:** Successor agency must retain licensed accountant to audit books:<sup>3</sup>

- Audit of LMIHF
- Audit of cash assets
- Audit of cash transfers to public agencies and private parties<sup>4</sup>

### 3. **New penalties:**

- Failure to make July 12 payment: successor agency subject to civil penalty of 10% of the amount owed plus 1.5% of the amount owed for each month that payment is not made unless DOF finds that payment of penalty will jeopardize payment of enforceable obligations. Until payment is made,

<sup>1</sup> This initial Draft summary of AB 1484 was prepared by the League's Special Counsel, Betsy Strauss, on June 28, 2012, with the objective of providing something quickly to city officials. The League will continue to refine this analysis with the assistance of its RDA Attorney Working Group and other city officials.

<sup>2</sup> Additional information about these payments is found in the Appendix.

<sup>3</sup> Agreed-upon procedures audit completed by auditor-controller can substitute for the licensed accountant audit if it includes all statutory requirements

<sup>4</sup> Successor agency must attempt to recover cash transferred to public agency without an enforceable obligation.

successor agency may only pay bond debt. City subject to same civil penalty. City will not receive July 18 sales tax payment (up to amount owed).<sup>5</sup>

- Failure to transfer LMIHF funds: Offset of city sales tax or property tax of the amount required to be transferred<sup>6</sup>
- Failure to transfer cash assets: Offset of city sales tax or property tax of the amount required to be transferred<sup>7</sup>
- Failure to recover cash transferred to local agency without enforceable obligation: Offset of sales tax or property tax of the local agency to which the cash was transferred.<sup>8</sup>
- Failure to submit ROPS by September 1, 2012 and subsequent deadlines: City to pay civil penalty of \$10,000 per day for each day beyond deadline

#### 4. Safe Harbor: Finding of Completion<sup>9</sup>

The Department of Finance will issue a finding of completion to a successor agency that pays the following amounts:

- ✓ The amount determined in the audit of the LMIHF<sup>10</sup>
- ✓ The amount determined in the audit of all other funds<sup>11</sup>
- ✓ The amount (if any) owing to taxing entities from the December 2011 property tax payment<sup>12</sup>

The following applies to a successor agency that is issued a finding of completion:

- ✓ Loan agreements entered into between the redevelopment agency and the city are deemed to be enforceable obligations if oversight board makes a finding that loan was for legitimate redevelopment purposes. As enforceable obligations, payments are listed on ROPS<sup>13</sup>.

Repayments of loans may not begin prior to 2013-14 fiscal year at maximum amount described in statute. Repayment amounts received by city must first be used to retire outstanding amounts borrowed and owed to LMIHF of the

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<sup>5</sup> Section 34183.5(b)(2)

<sup>6</sup> Section 34179.6(h)

<sup>7</sup> Section 34179.6(h)

<sup>8</sup> Section 34179.6(h); see, also 34179.8

<sup>9</sup> Section 34191.1.

<sup>10</sup> Section 34179.6

<sup>11</sup> Section 34179.6

<sup>12</sup> Section 34183.5

<sup>13</sup> DOF continues to retain final authority to approve items listed on ROPS.

former redevelopment agency for purposes of the SERAF payment. 20% of loan repayment amount must be transferred to LMIH Asset Fund.<sup>14</sup>

- ✓ Bond proceeds derived from bonds issued on or before 12/31/10 shall be used for the purposes for which the bonds were sold. Proceeds which cannot be spent consistent with bond covenants shall be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.<sup>15</sup> Use of bond proceeds listed on ROPS.<sup>16</sup>
- ✓ Real property assets: In lieu of the provisions of AB 26 which require disposal of real property assets at the direction of the oversight board, successor agency prepares a long-range property management plan and submits to oversight board and DOF for approval. Permissible uses of property include retention for governmental use; retention for future development; sale of property; use of the property to fulfill enforceable obligations. If plan directs use or liquidation of property for a project identified in an approved redevelopment plan, the property shall transfer to the city. No transfers until plan approved by oversight board and DOF.<sup>17</sup>
- ✓ Statute of Limitations: The longer statutes of limitations (2 years) to challenge actions of the former redevelopment agencies do not apply.<sup>18</sup>

## 5. New Power of State Controller<sup>19</sup>

AB 1484 directs the Controller to review the activities of successor agencies to determine whether an asset transfer occurred after January 31, 2012, between the successor agency and the city or county that created the redevelopment agency, or any other public agency that was not pursuant to an enforceable obligation on an approved ROPS. The Controller is directed to order the assets returned to the successor agency. "City" is defined very broadly to include any entity which is controlled by the city or for which the city is financially responsible or accountable.<sup>20</sup>

## 6. Increase in authority for Department of Finance

- DOF may eliminate or modify any item on an oversight board-approved ROPS. The auditor-controller must distribute property tax in accordance with changes made to the ROPS by DOF. If successor agency disputes DOF

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<sup>14</sup> 34191.4(b)(2).

<sup>15</sup> 34191.4(c)

<sup>16</sup> DOF continues to retain final authority to approve items listed on ROPS.

<sup>17</sup> Section 34191.5

<sup>18</sup> Section 33500, 33501

<sup>19</sup> Section 34178.8

<sup>20</sup> Section 34167.10. AB 26 directed the State Controller to review asset transfers from redevelopment agencies to the city or county that created the agency that occurred after January 1, 2011. If the city or county was not contractually committed to a third party for the expenditure or encumbrance of those assets, the Controller was directed to order the return the assets to the redevelopment agency or successor agency.

action, disputed item may be carried on ROPS. If dispute resolved in favor of successor agency in the future, the past allocation of property tax to the successor agency is not changed nor is a “liability” created for any affected taxing entity.<sup>21</sup>

- DOF may review and object to oversight board actions approving (1) establishment of new repayment terms for outstanding loans; and (2) setting aside amounts in reserves as required by bond indentures, and similar documents<sup>22</sup>

## **7. New restrictions on authority of Successor agency**

- No new enforceable obligations except (1) as specifically authorized by the statute; (2) in compliance with enforceable obligations that existed prior to June 28, 2011; or (3) to hire staff, acquire professional services and procure insurance.<sup>23</sup>
- May not transfer revenues or powers to any other public or private party except pursuant to enforceable obligation on an approved ROPS. Any such transfer of authority or revenues are “void” and successor agency required to reverse transfers. Controller may audit and order return of transfers of authority or revenues.<sup>24</sup>
- Actions taken by redevelopment agencies pursuant to VARP (Voluntary Alternative Redevelopment Program in AB 27) are “ultra vires” and do not create enforceable obligations.<sup>25</sup>
- If successor agency exercised power to reenter into agreements with city (section 34178) and agreement was approved by oversight board but rejected by DOF, successor agency and oversight board may not act to restore funding for the reentered agreement.<sup>26</sup>
- No reestablishment of loan agreements between successor agency and city except pursuant to safe harbor provisions.<sup>27</sup>

## **8. Miscellaneous**

- City loans to successor agency: City may loan or grant funds for administrative costs, enforceable obligations or project-related expenses. Receipt and use of these funds shall be reflected on the ROPS or in the

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<sup>21</sup> Section 34179(h)

<sup>22</sup> Section 34181(f)

<sup>23</sup> Section 34177.3(a); 34177.3(b)

<sup>24</sup> Section 34177.3(c)

<sup>25</sup> Section 34177.3(d)

<sup>26</sup> Section 34178(a)

<sup>27</sup> Section 34180(a)

administrative budget subject to oversight board approval. An enforceable obligation is created for repayment of loans.<sup>28</sup>

- New Oversight Board Provisions<sup>29</sup>
  - ✓ Auditor-controller may determine “largest special district”
  - ✓ Section 1090 does not apply to employee representative on oversight board
  - ✓ Oversight board members are protected by immunities applicable to public entities and public employees
  - ✓ Written notice and information about all oversight board actions must be provided to DOF by electronic means. DOF has 40 (instead of 10) days to review and approve, reject, or modify oversight board action.
  - ✓ Oversight board may direct successor agency to provide additional legal or financial advice.
  - ✓ Authorized to contract with the county or other public or private agencies for administrative support
  - ✓ On matters within its purview, decisions made by oversight board “supersede those made by the successor agency or the staff of the successor agency.”<sup>30</sup>
- New authority for auditor-controller<sup>31</sup>: A county auditor-controller can object to an item on the ROPS or to the funding source listed for an item on the ROPS. Objections are sent to DOF to resolve.
- Polanco Act protection for successor agency: Cleanup plans and liability limits of redevelopment agency transferred to successor agency and to housing entity, upon entity’s request.<sup>32</sup>
- Limited authority for successor agency to refinance existing debt.<sup>33</sup>
- Successor agency is separate public entity.<sup>34</sup>

## **Appendix – Successor Agency Required Payments/Fund Transfers**

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<sup>28</sup> Section 34175(h)

<sup>29</sup> Section 34180

<sup>30</sup> Section 34179

<sup>31</sup> Section 34182.5

<sup>32</sup> Section 34173(f)

<sup>33</sup> Section 34177.5

<sup>34</sup> Section 34173(g)

✓ **Transfer of Unencumbered Balances**<sup>35</sup>

AB 26 requires that a successor agency transfer unencumbered cash balances and low and moderate income housing funds to the county auditor-controller for distribution to the taxing entities. AB 1484 requires a successor agency to retain the services of a licensed accountant to audit (1) the balance in the LMIHF; (2) the balance in other cash funds; (3) cash payments that were made in compliance with an enforceable obligation; and (4) cash transfers that were made without an enforceable obligation. In addition to transferring the balances in the LMIHF and other cash funds, a successor agency must make efforts to recover the cash transferred without an enforceable obligation.

✓ **Payment of December 2011 Taxing Entity Property Tax**<sup>36</sup>

AB 26 distributes property tax through a “waterfall” of payments which includes passthrough payments, payments to successor agencies for enforceable obligations, payments to successor agencies for administrative costs, and payments to taxing entities. The waterfall for the December 2011 property tax payment did not operate as intended because of the stay imposed by the Court in *Matosantos*. The property tax payment to taxing entities was not made. AB 1484 requires successor agencies to make those payments by July 12.

✓ **Payment of 2011-12 Passthrough Payments**

Some successor agencies made 2011-12 passthrough payments and some did not. AB 1484 requires the auditor-controller to reduce property tax payments to those successor agencies that did not make pass through payments in 2011-12.

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<sup>35</sup> Section 34179.5; 34179.6

<sup>36</sup> Section 34183.5



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### AB 1484: Important Dates

- July 9: County auditor-controller notifies successor agency of amount of funds owing taxing entities based upon December 2011 property tax payment<sup>1</sup>
- July 12: Successor agency must make payment to auditor-controller for deposit into Redevelopment Property Tax Trust Fund and distribution to taxing entities.<sup>2</sup>
- July 16: Auditor-controller distributes money received from successor agencies to taxing entities. Monies received after July 12 date distributed within 5 days of receipt.<sup>3</sup>
- July 18: **City sales tax payment suspended if successor agency doesn't make July 12 payment.**<sup>4</sup>
- August 1: Successor housing entity must submit to DOF a list of housing assets that contains explanation of how assets meet criteria set forth in the law. DOF will prescribe format for list. DOF may object to any of the assets within 30 days. If after meet and confer, DOF continues to object, asset must be returned to the successor agency.<sup>5</sup>
- September 1: ROPS for January 1, 2013 through June 30, 2013 must be submitted electronically to DOF after oversight board approval.<sup>6</sup> DOF makes determinations within 45 days. Within 5 days of determination, successor agency may request additional review and meet and confer.
- October 1: Successor agency submits to oversight board, county auditor-controller, State Controller, and DOF results of the review of the LMIHF conducted by the licensed accountant agency must retain.<sup>7</sup> Note: licensed accountant must be approved by the county auditor-controller.

<sup>1</sup> Section 34183.5(b)(2)(A). Note: The statute, that may be drafted in error, states that if June 1 property tax payment has not been made to successor agencies, the amount owing to taxing entities will be deducted from that same June 1 payment (34183.5(b)(1)).

<sup>2</sup> Section 34183.5(b)(2)(A).

<sup>3</sup> Section 34183.5(b)(2)(A).

<sup>4</sup> Section 34183.5(b)(2)(A)

<sup>5</sup> Section 34176(a)(2). Definition of "housing asset" found at section 34176(e).

<sup>6</sup> Section 34177(m). Future ROPS must be submitted to DOF 90 days prior to property tax distribution. **City subject to civil penalty of \$10,000 per day for successor agency's failure to timely submit ROPS (Section 34177(m)(2)).**

<sup>7</sup> Section 34179.6(a). The requirement to retain a licensed accountant is found in section 34179.5. The audit provided by the county auditor-controller can be substituted for an audit by a licensed accountant if it contains the information required by Section 34179.5.

June 28, 2012

- October 1: County auditor-controller completes agreed-upon procedures audit of each redevelopment agency.<sup>8</sup> Auditor-controller provides estimate of property tax payments to successor agency for upcoming six-month period.<sup>9</sup>
- October 15: Oversight Board must review, approve, and transmit LMIHF audit to DOF, auditor-controller.<sup>10</sup>
- November 9: DOF completes review of LMIHF audit and reports findings, determinations, and decision to overturn oversight board decision to allow retention of successor agency assets.<sup>11</sup>
- November 16: Successor agency may request meet and confer to resolve disputes with DOF findings on LMIHF audit.<sup>12</sup> DOF must confirm or modify its determination and decisions within 30 days.
- November 28: Successor agency to transfer LMIHF funds to auditor-controller. **City sales tax/property tax may be offset for unfunded amounts.**
- December 15: Successor agency submits to oversight board, county auditor-controller, State Controller, and DOF results of the review of all other fund and account balances by licensed accountant.<sup>13</sup>
- January 15: Oversight board must review, approve, and transmit other funds audit to DOF, auditor-controller.<sup>14</sup>
- April 1: DOF completes review of other funds audit and reports findings, determinations, and decision to overturn oversight board decision to allow retention of successor agency assets.<sup>15</sup>
- April 1: County auditor-controller provides estimate of property tax payments to successor agency for upcoming six-month period.<sup>16</sup>
- April 6: No later than 5 days after receiving DOF determination on other funds audit, successor agency may request meet and confer to resolve disputes with DOF findings. DOF must confirm or modify its determination and decisions within 30 days.
- April 10: Successor agency to transfer other "cash and assets" audit payment to auditor-controller if meet and confer process complete.<sup>17</sup> **City sales tax/property tax may be offset for unfunded amounts.**

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<sup>8</sup> Section 34182(a)(1).

<sup>9</sup> Section 34182(c)(3)

<sup>10</sup> Section 34179.6(c)

<sup>11</sup> Section 34179.6(d)

<sup>12</sup> Section 34179.6(e)

<sup>13</sup> Section 34179.6(a).

<sup>14</sup> Section 34179.6(a).

<sup>15</sup> Section 34179.6(a)

<sup>16</sup> Section 34182(c)(3)

Safe Harbor: Successor agencies obtaining a “notice of completion” from DOF will qualify for loan repayments, bond proceeds expenditure authority to be placed on ROPS<sup>18</sup>, and long range asset management plan.

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<sup>17</sup> Section 34179.6(f). The statute does not allow sufficient time between completion of DOF review on April 1 and required payment on April 10.

<sup>18</sup> DOF continues to retain final authority to approve items listed on ROPS

June 28, 2012



**STAFF REPORT  
OVERSIGHT BOARD  
TO THE  
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY**

**TO:** CHAIR AND MEMBERS OF THE OVERSIGHT BOARD TO THE  
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR  
AGENCY

**FROM:** GARY BROWN, CITY MANAGER/EXECUTIVE DIRECTOR  
GREG WADE, DEPUTY DIRECTOR *GW*

**MEETING DATE:** AUGUST 22, 2012

**SUBJECT:** ADOPTION OF RESOLUTION NO. OB-12-07 OF THE  
OVERSIGHT BOARD OF THE IMPERIAL BEACH  
REDEVELOPMENT AGENCY SUCCESSOR AGENCY  
APPROVING THE ADMINISTRATIVE BUDGET FOR THE  
PERIOD OF JANUARY 1, 2013 THROUGH JUNE 30, 2013 AND  
RELATED ACTIONS

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**BACKGROUND:**

On June 28, 2011, AB x1 26 ("AB 26") was signed into law by the Governor of California which called for the dissolution of redevelopment agencies throughout the state and established the procedures by which this was to be accomplished. On December 29, 2011, AB 26 was largely upheld by the California State Supreme Court with some of the dates by which certain dissolution actions were to occur pushed back by four months. As a result of the Supreme Court's decision, and on February 1, 2012, all California redevelopment agencies were dissolved, successor agencies to the former redevelopment agencies were established and were tasked with paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and winding down the affairs of the former redevelopment agencies.

As part of the wind-down process enacted by AB 26, the City Council adopted Resolution No. 2012-7136 on January 5, 2012, electing for the City to serve as the successor agency to the Redevelopment Agency ("Successor Agency") upon the dissolution of the Redevelopment Agency under AB 26.

**DISCUSSION:**

On June 27, 2012, the State Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012) as a trailer bill for the Fiscal Year 2012-2013 State budget package. Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 also imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind-down process of former redevelopment agencies.

Pursuant to Section 34177(j) of AB 26, as amended by AB 1484, requires the Successor Agency to prepare an administrative budget for each six-month fiscal period and submit the administrative budget to the Oversight Board for approval. The administrative budget shall include all of the following: (i) estimated amounts for Successor Agency administrative costs for the upcoming six-month fiscal period; (ii) proposed sources of payment for Successor Agency administrative costs; and (iii) proposals for arrangements for administrative and operations services provided by the City or other entity. Section 34177(k) of AB 26 as amended by AB 1484 requires the Successor Agency to provide to the San Diego County Auditor-Controller for each six-month fiscal period the administrative cost estimates from its approved administrative budget that are to be paid from property tax revenues (i.e. former tax increment revenues) deposited in the County's Redevelopment Property Tax Trust Fund established for the Successor Agency.

On Wednesday, August 1, 2012, the Successor Agency adopted Resolution Number SA-12-12 approving the administrative budget for the period of January 1, 2013 through June 30, 2013 ("Administrative Budget") and authorizing staff to submit the approved Administrative Budget to the Oversight Board for its consideration at their meeting on August 8, 2012. Successor Agency staff is now seeking the Oversight Board's approval of this Administrative Budget by adoption of Resolution Number OB-12-07 and the attached Exhibit "A". Pursuant to AB 26/AB 1484, Section 34180(j), when the Administrative Budget is submitted to the Oversight Board for approval, a copy of it and its adopting resolution will concurrently be sent to the County Administrative Officer, the County Auditor-Controller and the Department of Finance. If adopted by the Oversight Board the Administrative Budget and its adopting resolution will be similarly forwarded.

**ENVIRONMENTAL DETERMINATION:**

Not a project as defined by CEQA.

**FISCAL IMPACT:**

The Administrative Budget for the period of January 1, 2013 through June 30, 2013, has been estimated at \$270,510.

**DIRECTOR'S RECOMMENDATION:**

Staff recommends that the Oversight Board to the Imperial Beach Redevelopment Agency Successor Agency adopt Resolution Number SA-12-07 approving the Administrative Budget for the period of January 1, 2013 through June 30, 2013 and other related actions.

  
\_\_\_\_\_  
Gregory Wade, Deputy Director

Attachments:

1. Resolution No. OB-12-07

RESOLUTION NO. OB-12-07

**RESOLUTION OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE ADMINISTRATIVE BUDGET FOR THE PERIOD OF JANUARY 1, 2013 THROUGH JUNE 30, 2013 AND APPROVING CERTAIN OTHER RELATED ACTIONS PURSUANT TO PART 1.85 OF THE CALIFORNIA HEALTH AND SAFETY CODE**

**WHEREAS**, the Imperial Beach Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Imperial Beach ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

**WHEREAS**, the City Council has adopted redevelopment plans for Imperial Beach's redevelopment project areas, and from time to time, the City Council has amended such redevelopment plans; and

**WHEREAS**, the Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

**WHEREAS**, Assembly Bill X1 26 (2011-2012 1<sup>st</sup> Ex. Sess.) ("AB 26") was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and the California Health and Safety Code ("Health and Safety Code"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the Health and Safety Code; and

**WHEREAS**, pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and winding down the business and fiscal affairs of the former redevelopment agencies; and

**WHEREAS**, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

**WHEREAS**, on February 15, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. SA-12-01 naming itself the "Imperial Beach Redevelopment Agency Successor Agency," the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

**WHEREAS**, as part of the FY 2012-2013 State budget package, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies; and

**WHEREAS**, Health and Safety Code Section 34179 of AB 26 as amended by AB 1484 establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the "oversight board." The oversight board has been established for the Successor Agency (hereinafter referred to as the "Oversight Board") and all seven (7) members have been appointed to the Oversight Board pursuant to Health and Safety Code Section 34179. The duties and responsibilities of the Oversight Board are primarily set forth in Health and Safety Code Sections 34179 through 34181 of AB 26 as amended by AB 1484; and

**WHEREAS**, Section 34177(j) of AB 26 as amended by AB 1484 requires the Successor Agency to prepare an administrative budget for each six-month fiscal period and submit the administrative budget to the Oversight Board for approval. The administrative budget shall include all of the following: (i) estimated amounts for Successor Agency administrative costs for the upcoming six-month fiscal period; (ii) proposed sources of payment for Successor Agency administrative costs; and (iii) proposals for arrangements for administrative and operations services provided by the City or other entity; and

**WHEREAS**, Section 34177(k) of AB 26 as amended by AB 1484 requires the Successor Agency to provide to the San Diego County Auditor-Controller for each six-month fiscal period the administrative cost estimates from its approved administrative budget that are to be paid from property tax revenues (i.e. former tax increment revenues) deposited in the County's Redevelopment Property Tax Trust Fund established for the Successor Agency; and

**WHEREAS**, on August 1, 2012 by Resolution SA-12-12, the Successor Agency approved the administrative budget covering the period of January 1, 2013 through June 30, 2013 ("Administrative Budget"), in the form attached to this Resolution as Exhibit "A", and the Successor Agency authorized the submission of the approved Administrative Budget to the Oversight Board for its approval and to forward the information required by Section 34177(k) of AB 26 as amended by AB 1484 to the San Diego County Auditor-Controller; and

**WHEREAS**, the Administrative Budget is now being submitted to the Oversight Board for review and approval in accordance with Health and Safety Code Section 34177(j) of AB 26 as amended by AB 1484; and

**WHEREAS**, the Administrative Budget is consistent with the requirements of the Health and Safety Code and other applicable law; and

**WHEREAS**, the Administrative Budget contains the information specified in and required by Health and Safety Code Section 34177(j) of AB 26 as amended by AB 1484; and

**WHEREAS**, as required by Health and Safety Code Section 34180(j) of AB 26 as amended by AB 1484, the Successor Agency has also submitted a copy of the Administrative Budget to the County Administrative Officer, the County Auditor-Controller, and the Department of Finance at the same time that the Successor Agency has submitted the Administrative Budget to the Oversight Board for approval; and

**WHEREAS**, as required by Health and Safety Code Section 34179(f) of AB 26 as amended by AB 1484, all notices required by law for proposed actions of the Oversight Board shall be posted on the Successor Agency's internet website or the Oversight Board's internet website; and

**WHEREAS**, pursuant to Health and Safety Code Section 34179(h) of AB 26 as amended by AB 1484, the Successor Agency is required to provide written notice and information about all actions taken by the Oversight Board, including the proposed approval of the Administrative Budget, to the Department of Finance by electronic means and in the manner of the Department of Finance's choosing; and

**WHEREAS**, in furtherance of Part 1.85 of AB 26 as amended by AB 1484, a copy of the Administrative Budget as approved by the Oversight Board should be submitted to the County Auditor-Controller and both the State Controller's Office and the Department of Finance and should be posted on the Successor Agency's internet website; and

**WHEREAS**, pursuant to Health and Safety Code Section 34183(a)(2) of AB 26 as amended by AB 1484, the County is required to make a payment of property tax revenues (i.e. former tax increment funds) to the Successor Agency by January 2, 2013 for payments to be made toward recognized obligations listed on the Third ROPS for the period of January 1, 2013 through June 30, 2013 and for the administrative cost estimates from its approved Administrative Budget; and

**WHEREAS**, the activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Section 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

**WHEREAS**, the activity proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines; and

**WHEREAS**, all of the prerequisites with respect to the approval of this Resolution have been met.

**NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency, as follows:

- Section 1.** The foregoing recitals are true and correct and are a substantive part of this Resolution.
- Section 2.** The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any constitutional, legal or equitable rights that the Successor Agency may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of AB 26 or AB 1484, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of AB 26 or AB 1484, and any and all related legal and factual issue, and the Successor Agency expressly reserved any and all rights, privileges, and defenses available under law and equity.
- Section 3.** The Oversight Board hereby approves and adopts the Administrative Budget, in substantially the form attached to this Resolution as Exhibit "A," pursuant to Health and Safety Code Section 34177(j) of AB 26 as amended by AB 1484.

- Section 4.** The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to submit to the San Diego County Auditor-Controller the administrative cost estimates from the Administrative Budget that are to be paid from property tax revenues deposited in the County's Redevelopment Property Tax Trust Fund established for the Successor Agency.
- Section 5.** The Oversight Board hereby directs the Successor Agency to submit copies of the Administrative Budget approved by this Resolution as required under AB 26 as amended by AB 1484, in the method required, and in a manner to avoid a late submission or accrual of any penalties. In this regard, The Executive Director, or designee, of the Successor Agency is hereby authorized and directed to: (i) submit the Administrative Budget, as approved by the Oversight Board, and written notice of the Oversight Board's approval of the Administrative Budget to the Department of Finance (electronically) pursuant to Health and Safety Code Section 34179(h) of AB 26 as amended by AB 1484; (ii) submit a copy of the Administrative Budget, as approved by the Oversight Board, to the County Auditor-Controller and the State Controller's Office; and (iii) post the Administrative Budget on the Successor Agency's internet website.
- Section 6.** The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution on behalf of the Successor Agency.
- Section 7.** The Oversight Board determines that the activity approved by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.
- Section 8.** If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.
- Section 9.** This Resolution shall take effect upon the date of its adoption.

**PASSED, APPROVED, AND ADOPTED** by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency at its meeting held on the 22<sup>nd</sup> day of August 2012, by the following vote:

<b>AYES:</b>	<b>BOARDMEMBERS:</b>
<b>NOES:</b>	<b>BOARDMEMBERS:</b>
<b>ABSENT:</b>	<b>BOARDMEMBERS:</b>

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**CHAIRPERSON**

**ATTEST:**

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**JACQUELINE M. HALD, MMC**  
**SECRETARY**

**EXHIBIT "A"**

**IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY  
ADMINISTRATIVE BUDGET  
January 1, 2013 through June 30, 2013  
("Administrative Budget")**

**Approved on August 22, 2012**

**(See Attachment)**

City of Imperial Beach  
**Successor Agency Administrative Staffing Budget**  
 Recent 4 Week Monthly TotalTotal

Check Date \_\_\_\_\_

		Labor Acct		% Time	Monthly SA
Position Title	Salary	Total Labor Cost	Working on SA	Cost	
ADMINISTRATIVE SECRETARY II	\$3,802	\$5,498	13%	\$687	
ADMINISTRATIVE SECRETARY II	\$3,752	\$5,499	13%	\$687	
ASST CM/COMM DEV DIRECTOR	\$10,846	\$14,645	75%	\$10,984	
CITY CLERK	\$9,110	\$12,328	40%	\$4,931	
CITY MANAGER	\$12,733	\$17,023	70%	\$11,916	
CLERK TYPIST	\$2,803	\$4,309	15%	\$667	
FINANCE DIRECTOR	\$9,649	\$13,230	90%	\$11,907	
FINANCE SUPERVISOR	\$5,897	\$8,256	10%	\$826	
PUBLIC WORKS DIRECTOR	\$9,649	\$12,396	20%	\$2,479	
REDEVELOPMENT COORDINATOR	\$6,783	\$9,459	0%	\$0	
SENIOR ACCOUNT TECHNICIAN	\$3,149	\$4,645	0%	\$0	
<b>Total Labor Cost</b>	<b>\$78,172</b>	<b>\$107,289</b>		<b>\$45,085</b>	Per 4 Week Month
<b>Total for 6 Month Period</b>				<b>\$ 270,510</b>	
				Rounded	<b>\$ 270,510</b>
<b>Source of Funding:</b>					
RPTTF					<b>\$ 270,510</b>



STAFF REPORT  
OVERSIGHT BOARD  
TO THE  
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

TO: CHAIR AND MEMBERS OF THE OVERSIGHT BOARD TO THE  
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR  
AGENCY

FROM: GARY BROWN, EXECUTIVE DIRECTOR  
GREG WADE, DEPUTY DIRECTOR *GW*

MEETING DATE: AUGUST 22, 2012

SUBJECT: ADOPTION OF RESOLUTION NO. OB-12-08 OF THE  
OVERSIGHT BOARD OF THE IMPERIAL BEACH  
REDEVELOPMENT AGENCY SUCCESSOR AGENCY  
DETERMINING, PURSUANT TO HEALTH AND SAFETY CODE  
SECTION 34176(g)(1)(B), THAT THE HOUSING AUTHORITY'S  
DESIGNATIONS OF THE USE AND COMMITMENT OF  
CERTAIN PROCEEDS DERIVED FROM HOUSING BONDS  
ISSUED PRIOR TO JANUARY 1, 2011 FOR PURPOSES OF  
AFFORDABLE HOUSING ARE CONSISTENT WITH THE  
HOUSING BONDS COVENANT OBLIGATIONS, INCLUDING  
REQUIREMENTS RELATING TO TAX STATUS, AND THAT  
THERE ARE SUFFICIENT HOUSING BONDS PROCEEDS  
AVAILABLE FOR THE DESIGNATED PURPOSES

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**BACKGROUND:**

On May 3, 1995, the City Council of the City of Imperial Beach ("City Council") adopted Ordinance No. 95-891 which created the Imperial Beach Redevelopment Agency pursuant to the California Community Redevelopment Law. Subsequently, the City Council adopted, and later expanded, a Redevelopment Plan for Imperial Beach's redevelopment project areas. Additionally, pursuant to Sections 33334.2 and 33334.3 of the Redevelopment Law, the Redevelopment Agency was required to deposit not less than twenty percent (20%) of taxes allocated to the Redevelopment Agency into a Low and Moderate Income Housing Fund for the purposes of increasing, improving, and preserving the community's supply of low and moderate income housing.

On November 1, 2003, Tax Allocation Revenue Bonds were issued pursuant to an Indenture Trust by and among the Imperial Beach Public Financing Authority, the Redevelopment Agency and Wells Fargo Bank, National Association, as trustee, backed by the Low and Moderate Income Housing Fund, to provide funds to the Redevelopment Agency for the purposes of increasing, improving, and preserving the community's supply of low and moderate income housing.

On June 28, 2011, AB x1 26 ("AB 26") was signed into law by the Governor of California which called for the dissolution of redevelopment agencies throughout the state and established the procedures by which this was to be accomplished. On December 29, 2011, following a law suit filed by the League of California Cities, AB 26 was largely upheld by the California State Supreme Court. As a result of the Supreme Court's decision, on February 1, 2012, all California redevelopment agencies were dissolved and successor agencies to the former redevelopment agencies were established and tasked with paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and winding down the affairs of the former redevelopment agencies.

As part of the wind-down process enacted by AB 26, on January 5, 2012 the City Council adopted Resolution No. 2012-7136 electing for the City Council to serve as the Successor Agency to the Redevelopment Agency ("Successor Agency") upon the dissolution of the Redevelopment Agency under AB 26. Additionally, on January 5, 2012, the City Council adopted Resolution No. 2012-7137 designating the City of Imperial Beach Housing Authority ("Housing Authority") to serve as the successor housing entity upon the dissolution of the Redevelopment Agency and to receive the dissolved Redevelopment Agency's housing assets, rights, powers, duties, obligations, liabilities and functions previously performed by the Redevelopment Agency, including enforcement of affordability covenants and performance of related activities pursuant to applicable provisions of the Community Redevelopment Law. Also on January 5, 2012, the Housing Authority adopted Resolution No. HA-12-06 accepting the transfer of the housing assets, rights, powers, duties, obligations, liabilities and functions previously performed by the Redevelopment Agency upon its dissolution.

#### **DISCUSSION:**

On June 27, 2012, the Governor signed Assembly Bill No. 1484 ("AB 1484") as a trailer bill for the Fiscal Year 2012-2013 State budget package. Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 also imposes additional statutory provisions relating to the activities and obligations of successor agencies and successor housing entities and to the wind-down process of former redevelopment agencies.

Pursuant to Health and Safety Code Section 34176(g)(1)(A) of AB 26 as amended by AB 1484, the Housing Authority may designate the use of and commit any excess housing bond proceeds from the 2003 Bond issuance ("Excess Housing Bond Proceeds") in a manner that is consistent with the Housing Bond covenants, including requirements relating to tax status. Currently, there is a total of \$913,000 of Excess Housing Bond Proceeds remaining from the 2003 Housing Bond issuance that can be expended in accordance with the associated bond covenants. Pursuant to AB 1484, the Housing Authority may designate the use of and commit these Excess Housing Bond Proceeds by providing written notice to the Successor Agency designating the use and commitment of these funds. This notice was duly provided and is included as Attachment 2 to this staff report. Pursuant to previous Housing Authority action, the Excess Housing Bond Proceeds have been allocated in the identified amounts to the following affordable housing projects ("Affordable Housing Projects"):

- Approximately \$380,000 toward the Clean & Green Program, including a proportionate amount for project administration costs, which will provide grants to very low, low and moderate-income single-family homeowners to provide energy, water efficiency and health and safety improvements; and
- Approximately \$533,000 in financial assistance to Habitat for Humanity, including a proportionate amount for project administration costs, for the acquisition and

development of six (6) semi-detached for-sale houses located at 776 10<sup>th</sup> Donax in the City of Imperial Beach, California for ownership by low-income households.

The Housing Authority's designation of the use and commitment of the Excess Housing Bonds Proceeds toward the affordable housing projects as outlined above is consistent with Item Numbers 44 and 45 listed on the Recognized Obligation Payment Schedule (ROPS) for the period January 1, 2012 through June 30, 2012 as previously approved by the Successor Agency and the Oversight Board and not disputed by the Department of Finance, and deemed valid and effective under AB 26 as amended by AB 1484. The designated expenditures of the Excess Housing Bonds Proceeds are also be listed separately on the Recognized Obligation Payment Schedule for the period of January 1, 2013 through June 30, 2013, which is being considered by the Oversight Board under proposed Resolution No. OB-12-09.

Pursuant to AB 26 as amended by AB 1484, review of the Housing Authority's designations of the use and commitment of the Excess Housing Bonds Proceeds by the Successor Agency, the Oversight Board and the Department of Finance is limited to a determination that the Housing Authority's designations of these bond proceeds are consistent with the Housing Bonds covenant obligations, including requirements relating to tax status, and that there are sufficient Excess Housing Bonds Proceeds available for the identified and designated purposes. On Wednesday, August 1, 2012, the Successor Agency adopted Resolution Number SA-12-11, making the required determinations regarding the use and availability of Excess Housing Bond Proceeds by the Housing Authority for the specified purposes.

On November 1, 2003, a Loan Agreement between the Imperial Beach Redevelopment Agency and the Imperial Beach Financing Authority in support of the 2003 Bond Issuance was executed (see Attachment 3). Section 2.5 of this Loan Agreement (page 7) establishes a "Redevelopment Fund", within which was specifically created at "Low and Moderate Income Housing Account." Additionally, the Financing Plan included in the 2003 Bond Statement specifically "the Proceeds of the sale of the Bonds will be applied to finance undertakings of the Agency for the Redevelopment Project... to complete public improvements and economic development activities... and the provision of assistance to affordable housing projects" (see Attachment 4). It was and is expected, therefore, that affordable housing projects would be carried out with these 2003 bond proceeds as twenty percent (20%) of the debt for this bond issuance will serviced by affordable housing projects and programs.

**ENVIRONMENTAL DETERMINATION:**

Not a project as defined by CEQA.

**FISCAL IMPACT:**

There is currently a total of \$913,000 of Excess Housing Bond Proceeds remaining from the 2003 Housing Bond issuance that can be expended on the projects identified above and in accordance with the associated bond covenants.

**DEPARTMENT RECOMMENDATION:**

Staff recommends that the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency adopt Resolution Number OB-12-08 determining that:

1. The Housing Authority's designations of the use and commitment of certain proceeds derived from housing bonds issued prior to January 1, 2011, toward the purposes of the Affordable Housing projects are consistent with the housing bonds covenant obligations, including requirements relating to tax status; and
2. That there are sufficient housing bonds proceeds available for the designated purposes.

**CITY MANAGER'S RECOMMENDATION:**

Approve Department recommendation.



Gregory Wade, Deputy Director/Assistant City Manager

Attachments:

1. Resolution No. OB-12-08
2. Notice of Designations of Use and Commitment of Excess Housing Bond Proceeds
3. Loan Agreement No. 2 (Amendment Area) between the Imperial Beach Redevelopment Agency and the Imperial Beach Financing Authority
4. 2003 Bond Document Excerpts

RESOLUTION NO. OB-12-08

RESOLUTION OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY DETERMINING, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176(g)(1)(B), THAT THE HOUSING AUTHORITY'S DESIGNATIONS OF THE USE AND COMMITMENT OF CERTAIN PROCEEDS DERIVED FROM HOUSING BONDS ISSUED PRIOR TO JANUARY 1, 2011 FOR PURPOSES OF AFFORDABLE HOUSING ARE CONSISTENT WITH THE HOUSING BONDS COVENANT OBLIGATIONS, INCLUDING REQUIREMENTS RELATING TO TAX STATUS, AND THAT THERE ARE SUFFICIENT HOUSING BONDS PROCEEDS AVAILABLE FOR THE DESIGNATED PURPOSES

**WHEREAS**, the Imperial Beach Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Imperial Beach ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

**WHEREAS**, the City Council has adopted redevelopment plans for Imperial Beach's redevelopment project areas, and from time to time, the City Council has amended such redevelopment plans; and

**WHEREAS**, the Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

**WHEREAS**, Sections 33334.2 and 33334.3 of the Redevelopment Law required the Redevelopment Agency to deposit into its Low and Moderate Income Housing Fund not less than twenty percent (20%) of taxes allocated to the Redevelopment Agency pursuant to Section 33670 of the Redevelopment Law for the purposes of increasing, improving, and preserving the community's supply of low and moderate income housing; and

**WHEREAS**, certain Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project) ("Housing Bonds") were issued pursuant to an Indenture Trust, dated as of November 1, 2003, by and among the Imperial Beach Public Financing Authority, the Redevelopment Agency and Wells Fargo Bank, National Association, as trustee, backed by the Low and Moderate Income Housing Fund, to provide money for loans by the Redevelopment Agency for the purposes of increasing, improving, and preserving the community's supply of low and moderate income housing; and

**WHEREAS**, Assembly Bill X1 26 (2011-2012 1<sup>st</sup> Ex. Sess.) ("AB 26") was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and the California Health and Safety Code ("Health and Safety Code"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the Health and Safety Code; and

**WHEREAS**, pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and winding down the business and fiscal affairs of the former redevelopment agencies; and

**WHEREAS**, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

**WHEREAS**, the City Council of the City adopted Resolution No. 2012-7137 on January 5, 2012, pursuant to Part 1.85 of AB 26, designating the City of Imperial Beach Housing Authority ("Housing Authority") to serve as the successor housing entity ("Successor Housing Entity") upon the dissolution of the Redevelopment Agency on February 1, 2012 and to receive the dissolved Redevelopment Agency's housing assets, rights, powers, duties, obligations, liabilities and functions previously performed by the Redevelopment Agency upon its dissolution, including enforcement of affordability covenants and performance of related activities pursuant to applicable provisions of the Community Redevelopment Law (Part 1, commencing with Section 33000), including, but not limited to, Section 33418; and

**WHEREAS**, the Housing Authority adopted Resolution No. HA-12-06 on January 5, 2012 accepting the transfer of the housing assets, rights, powers, duties, obligations, liabilities and functions previously performed by the Redevelopment Agency upon its dissolution; and

**WHEREAS**, on February 15, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. SA-12-01 naming itself the "Imperial Beach Redevelopment Agency Successor Agency," the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

**WHEREAS**, as part of the FY 2012-2013 State budget package, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies; and

**WHEREAS**, Health and Safety Code Section 34179 of AB 26 as amended by AB 1484 establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the "oversight board." The oversight board has been established for the Successor Agency (hereinafter referred to as the "Oversight Board") and all seven (7) members have been appointed to the Oversight Board pursuant to Health and Safety Code Section 34179. The duties and responsibilities of the Oversight Board are primarily set forth in Health and Safety Code Sections 34179 through 34181 of AB 26 as amended by AB 1484; and

**WHEREAS**, there exists \$913,000 of available proceeds derived from the Housing Bonds ("Excess Housing Bonds Proceeds") to be expended in accordance with the Housing Bonds covenants, including requirements relating to tax status; and

**WHEREAS**, pursuant to Health and Safety Code Section 34176(g)(1)(A) of AB 26 as amended by AB 1484, the Housing Authority may designate the use of and commit the Excess Housing Bonds Proceeds in a manner that is consistent with the Housing Bonds covenants, including requirements relating to tax status; and

**WHEREAS**, in accordance with Health and Safety Code Section 34176(g)(1)(B) of AB 26 as amended by AB 1484, the Housing Authority provided written notice to the Successor Agency designating the use of and commitment of the Excess Housing Bonds Proceeds in the

amounts set forth below for the following affordable housing projects (collectively, "Affordable Housing Projects"):

- a. Approximately \$380,000 toward that certain Clean & Green Program, including a proportionate amount for project administration costs, which Program provides grants to very low, low and moderate-income single-family homeowners to improve energy and water efficiency and health and safety conditions; and
- b. Approximately \$533,000 in financial assistance to Habitat for Humanity, including a proportionate amount for project administration costs, for the acquisition and development of six (6) semi-detached for-sale houses located at 776 10<sup>th</sup> Donax in the City of Imperial Beach, California for ownership by low-income households ("Habitat Project"); and

**WHEREAS**, the Housing Authority's designation of the use and commitment of the Excess Housing Bonds Proceeds toward the Affordable Housing Projects and in the amounts provided above is consistent with Item #44 and Item #45 listed on the Recognized Obligation Payment Schedule for the period January 1, 2012 through June 30, 2012 as previously approved by the Successor Agency and the Oversight Board and not disputed by the Department of Finance, and deemed valid and effective under AB 26 as amended by AB 1484; and

**WHEREAS**, pursuant to Health and Safety Code Section 34176(g)(1)(B) of AB 26 as amended by AB 1484, review of the Housing Authority's designations of the use and commitment of the Excess Housing Bonds Proceeds by the Successor Agency, the Oversight Board and the Department of Finance shall be limited to a determination that the Housing Authority's designations of the use and commitment of such proceeds are consistent with the Housing Bonds covenant obligations, including requirements relating to tax status, and that there are sufficient Excess Housing Bonds Proceeds available for the designated purposes; and

**WHEREAS**, on August 1, 2012 by Resolution No. SA-12-11, the Successor Agency determined that the Housing Authority's designations of the use and commitment of the Excess Housing Bonds Proceeds toward the Affordable Housing Projects and in the amounts provided are consistent with the Housing Bonds covenant obligations, including requirements relating to tax status, and that there are sufficient Excess Housing Bonds Proceeds available for the designated purposes; and

**WHEREAS**, pursuant to Health and Safety Code Section 34176(g)(2) of AB 26 as amended by AB 1484, the Successor Agency shall retain and expend the Excess Housing Bonds Proceeds at the discretion of the Housing Authority provided that the Successor Agency ensures that the proceeds are expended in a manner consistent with the Housing Bonds covenants, including requirements relating to tax status of the Housing Bonds, and within the amount of Excess Housing Bonds Proceeds available for such purposes. The Excess Housing Bonds Proceeds shall be used and committed in a manner consistent with the purposes of the Low and Moderate Income Housing Asset Fund, established by the Housing Authority pursuant to AB 1484, and such expenditures shall be listed separately on the Recognized Obligation Payment Schedule submitted by the Successor Agency; and

**WHEREAS**, in accordance with Section 34176(g)(2) of AB 26 as amended by AB 1484, the use and commitment of the Excess Housing Bonds Proceeds toward the Affordable Housing Projects are included in the Successor Agency's proposed Third ROPS covering the period from

January 1, 2013 through June 30, 2013 as submitted to the Oversight Board for approval on this date; and

**WHEREAS**, as required by Health and Safety Code Section 34180(j) of AB 26 as amended by AB 1484, the Successor Agency has also submitted a copy of this Resolution to the County Administrative Officer, the County Auditor-Controller, and the Department of Finance at the same time that the Successor Agency has submitted this Resolution to the Oversight Board for approval; and

**WHEREAS**, as required by Health and Safety Code Section 34179(f) of AB 26 as amended by AB 1484, all notices required by law for proposed actions of the Oversight Board shall be posted on the Successor Agency's internet website or the Oversight Board's internet website; and

**WHEREAS**, pursuant to Health and Safety Code Section 34179(h) of AB 26 as amended by AB 1484, the Successor Agency is required to provide written notice and information about all actions taken by the Oversight Board, including the proposed determination set forth in this Resolution, to the Department of Finance by electronic means and in the manner of the Department of Finance's choosing; and

**WHEREAS**, in furtherance of Part 1.85 of AB 26 as amended by AB 1484, a copy of this Resolution as approved by the Oversight Board should be submitted to the County Auditor-Controller and both the State Controller's Office and the Department of Finance and should be posted on the Successor Agency's internet website; and

**WHEREAS**, the determination proposed to be rendered by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Section 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

**WHEREAS**, the determination proposed to be rendered by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the determination is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines; and

**WHEREAS**, all of the prerequisites with respect to the approval of this Resolution have been met.

**NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency, as follows:

**Section 1.** The foregoing recitals are true and correct and are a substantive part of this Resolution.

**Section 2.** The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any constitutional, legal or equitable rights that the Successor Agency may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of AB 26 or AB 1484, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of AB 26 or AB 1484, and any and all related legal and factual issue, and the Successor Agency expressly

reserved any and all rights, privileges, and defenses available under law and equity.

- Section 3.** The Oversight Board determines that the Housing Authority's designations of the use and commitment of the Excess Housing Bonds Proceeds toward the Affordable Housing Projects and in the amounts proposed in this Resolution are consistent with the Housing Bonds covenant obligations, including requirements relating to tax status, and that there are sufficient Excess Housing Bonds Proceeds available for the designated purposes.
- Section 4.** The Oversight Board hereby directs the Successor Agency to submit copies of this Resolution as required under AB 26 as amended by AB 1484, in the method and manner required. In this regard, The Executive Director, or designee, of the Successor Agency is hereby authorized and directed to: (i) submit this Resolution and written notice of the Oversight Board's determination pursuant to Health and Safety Code Section 34167(g)(1)(B) of AB 26 as amended by AB 1484 to the Department of Finance (electronically) pursuant to Health and Safety Code Section 34179(h) of AB 26 as amended by AB 1484; (ii) submit a copy of this Resolution to the County Auditor-Controller and the State Controller's Office; and (iii) post this Resolution on the Successor Agency's internet website.
- Section 5.** The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution on behalf of the Successor Agency.
- Section 6.** The Oversight Board determines that the determination rendered by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the determination rendered by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the CEQA Guidelines.
- Section 7.** If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.
- Section 8.** This Resolution shall take effect upon the date of its adoption.

**PASSED, APPROVED, AND ADOPTED** by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency at its meeting held on the 22<sup>nd</sup> day of August 2012, by the following vote:

**AYES:           BOARDMEMBERS:**  
**NOES:           BOARDMEMBERS:**  
**ABSENT:        BOARDMEMBERS:**

\_\_\_\_\_  
**CHAIRPERSON**

**ATTEST:**

\_\_\_\_\_  
**JACQUELINE M. HALD, MMC**  
**SECRETARY**



# City of Imperial Beach, California

HOUSING AUTHORITY

825 Imperial Beach Blvd., Imperial Beach, CA 91932 Tel: (619) 423-8303 Fax: (619) 628-1395

## **NOTICE** **PURSUANT TO HEALTH AND SAFETY CODE SECTION** **34176(g)(1)(B)**

**(Designations of Use and Commitment of Excess Housing Bonds Proceeds)**

July 24, 2012

**VIA PERSONAL SERVICE**

Imperial Beach Redevelopment Agency Successor Agency  
Attention: Gregory Wade, Deputy Director  
825 Imperial Beach Blvd.  
Imperial Beach, CA 91932

Dear Mr. Wade:

This NOTICE is provided by the CITY OF IMPERIAL BEACH HOUSING AUTHORITY ("Housing Authority") to the IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY ("Successor Agency") pursuant to California Health and Safety Code ("Health and Safety Code") Section 34176(g)(1)(B) of Part 1.85, enacted by Assembly Bill No. X1 26 ("AB 26") as amended by Assembly Bill No. 1484 ("AB 1484").

Pursuant to the authority provided in Health and Safety Code Section 34176(g)(1)(A) of AB 26 as amended by AB 1484, the Housing Authority hereby designates the use and commitment of certain available indebtedness obligation proceeds in a manner that is consistent with the indebtedness obligation covenants, including requirements relating to tax status.

Specifically, certain Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project) ("Housing Bonds") were issued pursuant to an Indenture Trust, dated as of November 1, 2003, by and among the Imperial Beach Public Financing Authority, the former Imperial Beach Redevelopment Agency ("Redevelopment Agency") and Wells Fargo Bank, National Association, as trustee, backed by the Low and Moderate Income Housing Fund, to provide money for loans by the Redevelopment Agency for the purposes of increasing, improving, and preserving the community's supply of low and moderate income housing. Currently, there exists approximately \$913,000 of available proceeds derived from the Housing Bonds ("Excess Housing Bonds Proceeds") to be expended in accordance with and required by the Housing Bonds covenants, including requirements relating to tax status.

In accordance with Health and Safety Code Section 34176(g)(1)(A) of AB 26 as amended by AB 1484, the Housing Authority hereby designates the use and commitment of the Excess Housing Bonds Proceeds in the amounts set forth below for the following affordable housing projects (collectively, "Affordable Housing Projects"):

- a. Approximately \$380,000 toward that certain Clean & Green Program, including a proportionate amount for project administration costs, which Program provides grants to very low, low and moderate-income single-family homeowners to improve energy and water efficiency and health and safety conditions; and
- b. Approximately \$533,000 in financial assistance to Habitat for Humanity, including a proportionate amount for project administration costs, for the acquisition and development of six (6) semi-detached for-sale houses located at 776 10<sup>th</sup> Donax in the City of Imperial Beach, California for ownership by low-income households ("Habitat Project").

The Housing Authority's designation of the use and commitment of the Excess Housing Bonds Proceeds toward the Affordable Housing Projects and in the amounts provided above is consistent with Item #44 and Item #45 listed on the Recognized Obligation Payment Schedule for the period January 1, 2012 through June 30, 2012 as previously approved by the Successor Agency, the Oversight Board for the Successor Agency ("Oversight Board") established under AB 26 as amended by AB 1484, and the California Department of Finance ("Department of Finance") and deemed valid and effective under AB 26 as amended by AB 1484.

Further, the Housing Authority's designation of the use and commitment of the Excess Housing Bonds Proceeds toward the Affordable Housing Projects and in the amounts provided above is consistent with Resolution HA-12-07, in which the Housing Authority approved the use of \$380,000 of Excess Housing Bonds Proceeds toward the Clean & Green Program, and Resolution HA-12-11, in which the Housing Authority approved the use of \$500,000 in Excess Housing Bonds Proceeds toward the Habitat Project. Pursuant to Resolution HA-12-07 and Resolution HA-12-11, the Housing Authority's Executive Director or designee is authorized and empowered to, among other things, sign all documents necessary and appropriate to carry out and implement the aforementioned Affordable Housing Projects, including providing this NOTICE to the Successor Agency.

Pursuant to Health and Safety Code Section 34176(g)(1)(B) of AB 26 as amended by AB 1484, review of the Housing Authority's designations of the use and commitment of the Excess Housing Bonds Proceeds by the Successor Agency, the Oversight Board and the Department of Finance shall be limited to a determination that the Housing Authority's designations of the use and commitment of such proceeds are consistent with the Housing Bonds covenant obligations, including requirements relating to tax status, and that there are sufficient Excess Housing Bonds Proceeds available for the designated purposes.

Pursuant to Health and Safety Code Section 34176(g)(2) of AB 26 as amended by AB 1484, the Successor Agency shall retain and expend the Excess Housing Bonds Proceeds at the discretion of the Housing Authority provided that the Successor Agency ensures that the proceeds are expended in a manner consistent with the Housing Bonds covenants, including requirements relating to tax status of the Housing Bonds, and within the amount of Excess Housing Bonds Proceeds available for such purposes. The Excess

Housing Bonds Proceeds shall be used and committed in a manner consistent with the purposes of the Low and Moderate Income Housing Asset Fund, established by the Housing Authority pursuant to AB 1484, and such expenditures shall be listed separately on the Recognized Obligation Payment Schedule submitted by the Successor Agency.

Should you have any questions regarding this NOTICE, please contact Michael McGrane, Finance Director & Treasurer, at (619) 628-1361.

Very truly yours,

CITY OF IMPERIAL BEACH HOUSING AUTHORITY

A handwritten signature in cursive script that reads "Gary Brown". The signature is written in black ink and is positioned above a solid horizontal line.

Gary Brown, Executive Director

**LOAN AGREEMENT NO. 2  
(AMENDMENT AREA)**

by and between

**IMPERIAL BEACH REDEVELOPMENT AGENCY**

and

**IMPERIAL BEACH PUBLIC FINANCING AUTHORITY**

Dated as of November 1, 2003

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## LOAN AGREEMENT

This LOAN AGREEMENT NO. 2 (AMENDMENT AREA) (herein referred to as the "Loan Agreement"), made and entered into as of November 1, 2003, by and between the IMPERIAL BEACH REDEVELOPMENT AGENCY, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Agency"), and the IMPERIAL BEACH PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority");

### W I T N E S S E T H:

WHEREAS, the Agency is a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law"), and has the power under Section 33601 of the Redevelopment Law to borrow money for any of its corporate purposes; and

WHEREAS, the Authority is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of November 1, 2003, by and between the City of Imperial Beach and the Agency, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of chapters of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and is authorized pursuant to Section 6588(j) of the Act to make a loan to the Agency in connection with the refinancing of public capital improvements of the Agency; and

WHEREAS, the Agency has determined to borrow amounts hereunder from the Authority for the purpose of financing redevelopment activities within the Amendment Area (as defined herein) of the Redevelopment Project; as provided herein; and

WHEREAS, the Agency has agreed to repay such borrowed amounts hereunder from Amendment Area Tax Revenues (as defined herein); and

WHEREAS, concurrent with the execution and delivery of this Loan Agreement, the Authority, pursuant to an Indenture of Trust, dated as of November 1, 2003, by and among the Authority, the Agency and the Trustee (the "Indenture") has issued \$22,765,000 Imperial Beach Public Financing Authority Revenue Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project) (the "Bonds") for, among other things, the purpose of providing funds to make this loan to the Agency in the total amount of \$18,010,000 (the "Loan") under the provisions of this Loan Agreement and to make the loan under Loan Agreement No. 1 (as defined herein); and

WHEREAS, in order to establish and declare the terms and conditions upon which the Loan is to be made and secured, the Agency and the Authority wish to enter into this Loan Agreement; and

WHEREAS, all acts and proceedings required by law necessary to make this Loan Agreement, when executed by the Agency, the Authority and the Trustee, the valid, binding and legal obligations of the Agency and the Authority, and to constitute this Loan Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been

done and taken, and the execution and delivery of this Loan Agreement have been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Loan Agreement shall have the respective meanings which such terms have in the Indenture. In addition, the following terms defined in this Section 1.1 shall, for all purposes of this Loan Agreement, have the respective meanings herein specified.

“Amendment Area Parity Debt” means any loans, bonds, notes, advances or indebtedness payable from the Amendment Area Tax Revenues on a parity with the Loan incurred pursuant to Section 4.14 of this Loan Agreement.

“Amendment Area Tax Revenues” means (a) those taxes paid to the Agency with respect to the Redevelopment Project pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State law, and as provided in the Redevelopment Plan, and (b) reimbursements, subventions (but excluding payments to the Agency with respect to personal non-taxable property within the Redevelopment Project pursuant to Section 16110, et seq., of the Government Code of the State), or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes; including that portion of such taxes otherwise required by Section 33334.3 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Loan and any Amendment Area Parity Debt (including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 or 33334.6 of the Redevelopment Law to increase, improve or preserve the supply of low and moderate income within or of benefit to the Redevelopment Project; but excluding all other amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the Agency pursuant to Sections 33334.3 of the Redevelopment Law.

“Event of Default” means any of the events described in Section 5.1.

“Indenture” means the Indenture of Trust dated as of November 1, 2003, by and among the Authority, the Agency and the Trustee, authorizing the issuance of the Bonds, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions of the Indenture.

“Loan” means the loan to the Agency of a portion of the proceeds of the Bonds pursuant to this Loan Agreement.

“Loan Agreement” means this Loan Agreement No. 2 (Amendment Area), dated as of November 1, 2003, by and between the Agency and the Authority, as originally entered into or as amended or supplemented pursuant to the provisions hereof.

“Loan Agreement No. 1” means the Loan Agreement No. 1 (Original Area), dated as of November 1, 2003, by and between the Agency and the Authority, as originally entered into or as amended or supplemented pursuant to the provisions thereof.

“Loan Payments” means the installment payments of principal and interest payable on the Loan pursuant to this Loan Agreement.

“Low and Moderate Income Housing Account” means the account by that name established and held by the Agency pursuant to Section 2.5(b).

“Maximum Annual Loan Payments” means, as of the date of calculation, the largest amount obtained by totaling, for the current or any future Bond Year, the sum of (a) the amount of interest payable on the Loan and all outstanding Amendment Area Parity Debt in such Bond Year, assuming that principal thereof is paid as scheduled and that any mandatory sinking fund payments are made as scheduled, and (b) the amount of principal payable on the Loan and on all outstanding Amendment Area Parity Debt in such Bond Year, including any principal required to be prepaid or redeemed by operation of mandatory sinking fund payments.

“Original Area Loan” means the loan to the Agency of a portion of the proceeds of the Bonds pursuant to the Loan Agreement No. 1.

“Plan Limitations” means the limitations contained or incorporated in the Redevelopment Plan on (a) the total outstanding principal of any bonds issued and repayable from Amendment Area Tax Revenues which may be outstanding at any one time, (b) the period of time for establishing or incurring loans, advances or indebtedness payable from Amendment Area Tax Revenues and (c) the period of time established to receive and repay indebtedness from Amendment Area Tax Revenues for any purpose, established pursuant to Section 33333.4 and 33333.6 of the Redevelopment Law.

“Project Account” means the account by that name established and held by the Agency pursuant to Section 2.5(a).

“Redevelopment Law” means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

“Redevelopment Plan” means the Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project Area, Amendment No. 1, as approved by Ordinance No. 2001-970 adopted by the City Council of the City on June 18, 2001 and all amendments thereof at any time duly authorized pursuant to the Redevelopment Law.

“Redevelopment Project” means the project described in the Redevelopment Plan.

“Report” means a document in writing signed by an Independent Redevelopment Consultant and including (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Loan Agreement to which such report related; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

“Request of the Agency” or “Certificate of the Agency” means a request or certificate, in writing, signed by the Executive Director, Treasurer or Secretary of the Agency or by any other officer of the Agency duly authorized by the Agency for that purpose.

“Special Fund” means the fund by that name established and held hereunder by the Agency pursuant to Section 2.4.

“Surplus” means Amendment Area Tax Revenues remaining after making all required deposits in the Special Fund in accordance with Section 3.2 hereof.

“Tax Increment Revenues” means those taxes paid to the Agency with respect to the Redevelopment Plan pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State law.

“Tax Sharing Statutes” means Section 33607.7 of the Redevelopment Law and, to the extent incorporated pursuant to such Section 33607.7, Section 33607.5 of the Redevelopment Law.

Section 1.2. Rules of Construction. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or subdivision hereof.

## ARTICLE II

### THE LOAN; ESTABLISHMENT OF FUNDS

Section 2.1. Authorization. The Authority hereby agrees to loan to the Agency, from the proceeds of sale of the Bonds deposited in the Amendment Area Loan Account of the Loan Fund established under the Indenture and from such proceeds otherwise credited thereto, the aggregate principal amount of Eighteen Million Ten Thousand Dollars (\$18,010,000) all under and subject to the terms of this Loan Agreement, the Law and the Redevelopment Law. This Loan Agreement constitutes a continuing agreement with the Authority to secure the full and final payment of the Loan, subject to the covenants, agreements, provisions and conditions herein contained.

Section 2.2. Terms of the Loan. The Loan shall be paid in installments of principal and interest. The principal component of a Loan Payment shall be payable in installments not later than five (5) Business Days prior to June 1 in each of the years and in the amounts set forth below. Interest on each installment of the principal of a Loan will be calculated on the basis on a 360-day year of twelve 30-day months and will accrue on each installment of principal from and including the Closing Date, to but not including the Interest Payment Date of the Bonds with respect to which such installment of principal is payable. The interest component of a Loan Payment shall be payable not later than five (5) Business Days prior to each Interest Payment Date as set forth below.

Any installment of principal and interest which is not paid when due will continue to accrue interest from and including the Interest Payment Date with respect to which such principal or interest is payable to, but not including, the date of actual payment.

<i>Interest Payment Date</i>	<i>Principal Component</i>	<i>Interest Component</i>	<i>Total</i>
06/01/2004	\$ 780,000.00	\$ 444,969.69	\$ 1,224,969.69
12/01/2004	--	464,319.38	464,319.38
06/01/2005	300,000.00	464,319.38	764,319.38
12/01/2005	--	461,319.38	461,319.38
06/01/2006	300,000.00	461,319.38	761,319.38
12/01/2006	--	457,569.38	457,569.38
06/01/2007	315,000.00	457,569.38	772,569.38
12/01/2007	--	453,238.13	453,238.13
06/01/2008	320,000.00	453,238.13	773,238.13
12/01/2008	--	448,038.13	448,038.13
06/01/2009	330,000.00	448,038.13	778,038.13
12/01/2009	--	442,345.63	442,345.63
06/01/2010	340,000.00	442,345.63	782,345.63
12/01/2010	--	435,970.63	435,970.63
06/01/2011	355,000.00	435,970.63	790,970.63
12/01/2011	--	428,426.88	428,426.88
06/01/2012	370,000.00	428,426.88	798,426.88
12/01/2012	--	419,916.88	419,916.88
06/01/2013	390,000.00	419,916.88	809,916.88
12/01/2013	--	410,361.88	410,361.88
06/01/2014	405,000.00	410,361.88	815,361.88
12/01/2014	--	400,236.88	400,236.88
06/01/2015	425,000.00	400,236.88	825,236.88
12/01/2015	--	389,611.88	389,611.88
06/01/2016	450,000.00	389,611.88	839,611.88
12/01/2016	--	378,024.38	378,024.38
06/01/2017	470,000.00	378,024.38	848,024.38
12/01/2017	--	365,686.88	365,686.88
06/01/2018	495,000.00	365,686.88	860,686.88
12/01/2018	--	352,383.75	352,383.75
06/01/2019	520,000.00	352,383.75	872,383.75
12/01/2019	--	337,433.75	337,433.75
06/01/2020	555,000.00	337,433.75	892,433.75
12/01/2020	--	321,477.50	321,477.50
06/01/2021	580,000.00	321,477.50	901,477.50
12/01/2021	--	304,802.50	304,802.50
06/01/2022	615,000.00	304,802.50	919,802.50
12/01/2022	--	287,121.25	287,121.25
06/01/2023	655,000.00	287,121.25	942,121.25
12/01/2023	--	268,290.00	268,290.00
06/01/2024	690,000.00	268,290.00	958,290.00
12/01/2024	--	248,107.50	248,107.50

06/01/2025	730,000.00	248,107.50	978,107.50
12/01/2025	--	226,755.00	226,755.00
06/01/2026	775,000.00	226,755.00	1,001,755.00
12/01/2026	--	204,086.25	204,086.25
06/01/2027	815,000.00	204,086.25	1,019,086.25
12/01/2027	--	180,247.50	180,247.50
06/01/2028	870,000.00	180,247.50	1,050,247.50
12/01/2028	--	154,800.00	154,800.00
06/01/2029	915,000.00	154,800.00	1,069,800.00
12/01/2029	--	127,350.00	127,350.00
06/01/2030	970,000.00	127,350.00	1,097,350.00
12/01/2030	--	98,250.00	98,250.00
06/01/2031	1,030,000.00	98,250.00	1,128,250.00
12/01/2031	--	67,350.00	67,350.00
06/01/2032	1,090,000.00	67,350.00	1,157,350.00
12/01/2032	--	34,650.00	34,650.00
06/01/2033	<u>1,155,000.00</u>	<u>34,650.00</u>	<u>1,189,650.00</u>
	\$ 18,010,000.00	\$ 18,781,312.33	\$ 36,791,312.33

Pursuant to Section 4.3 of the Indenture, if the amount on deposit in the Reserve Fund the Business Day after any Interest Payment Date exceeds the Reserve Requirement, the Trustee, as directed in writing by the Agency, will withdraw from the Reserve Fund all amounts in excess of the Reserve Requirement and deposit such amounts in the Revenue Fund for credit to the next succeeding Loan Payment due under the Loan.

In the event the principal of the Loan shall be prepaid pursuant to the provisions of Section 2.3, the foregoing schedules of principal payments with respect to the Loan prepaid shall be reduced by the aggregate principal amount of the Loan so prepaid, in a manner such that the remaining payments on the Loan and the Original Area Loan will be sufficient to pay remaining debt service on the Bonds as determined by the Agency and specified to the Trustee.

Loan Payments shall be payable by the Agency to the Trustee, as assignee of the Authority under the Indenture, in immediately available funds which constitute lawful money of the United States of America.

### Section 2.3. Prepayment.

Optional Prepayment. The principal of the Loan shall be subject to optional prepayment in whole or in part in any integral multiple of \$5,000, on any date on or after December 1, 2013, from any available source of funds, in each case together with accrued interest thereon to the prepayment date, without premium.

Any prepayment of the Loan made pursuant to this Section 2.3 shall be applied to the prepayment of the Loan in the respective principal amounts selected by the Agency in a manner such that the remaining payments on the Loan and the Original Area Loan will be sufficient to pay Debt Service on the Bonds to remain Outstanding following such prepayment as directed in writing by the Agency following the related redemption of Bonds pursuant to Section 2.2(a) of the Indenture. Any

prepayment shall be paid to the Authority and shall be deposited in the Redemption Account of the Revenue Fund held by the Trustee pursuant to Section 4.2(d) of the Indenture and shall be used to redeem Bonds pursuant to Section 2.2(a) of the Indenture.

The Agency shall be required to give the Trustee written notice of its intention to prepay the Loan, or any part thereof, under this section at least sixty (60) days prior to the date fixed for such prepayment, which notice may be cancelable by the Agency in the event amounts sufficient to prepay the related Bonds are not deposited with the Trustee on or prior to the prepayment date.

Section 2.4. Application of Loan Proceeds.

Pursuant to Sections 3.2 and 3.3 of the Indenture, on the Closing Date, proceeds of the Loan shall be disbursed from amounts on deposit in the Amendment Area Loan Account of the Loan Fund established under the Indenture, or otherwise credited, as follows:

(a) The Agency shall deposit from amounts received by the Trustee pursuant to Section 3.3(b) of the Indenture the amount of \$12,082,693.69 in the Project Account.

(b) The Agency shall deposit from amounts received by the Trustee pursuant to Section 3.3(b) of the Indenture the amount of \$4,072,382.30 in the Low and Moderate Income Housing Account.

Section 2.5. Redevelopment Fund. There is hereby established a separate fund to be known as the "Redevelopment Fund" for the Redevelopment Project, which shall be held and maintained by the Agency in trust separate and apart from other funds held by the Agency. There shall be deposited in the Redevelopment Fund the amounts referenced in Section 2.4 hereof. Within the Redevelopment Fund there is hereby established the following accounts:

(a) Project Account; and

(b) Low and Moderate Income Housing Account.

Any moneys in the Redevelopment Fund shall be used solely in the manner provided by the Redevelopment Law and the Redevelopment Plan and in a manner consistent with the provisions of the Tax Certificate. Before any payment is made from the Redevelopment Fund, the Executive Director of the Agency shall cause to be filed with the Treasurer of the Agency a Written Requisition in the form set forth in Exhibit A hereto. Upon receipt of such Written Requisition, the Treasurer will pay the amount set forth therein. The Treasurer need not make any such payment if he or she has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys so to be paid, which has not been released and will not be released simultaneously with such payment.

Section 2.6. Special Fund. There is hereby established the Special Fund which will be held in trust by the Agency separate and apart from all other funds held by the Agency. Moneys in the Special Fund will be solely used to pay, when due or upon earlier redemption, interest, premium, if any, and principal on the Loan all in accordance with Section 3.3.

Section 2.7. Validity of the Loan. The validity of the Loan shall not be dependent upon the completion of the Redevelopment Project or upon the performance by anyone of its obligation with respect to the Redevelopment Project.

### ARTICLE III

#### PLEDGE OF PROJECT AREA TAX REVENUES; APPLICATION OF FUNDS

Section 3.1. Pledge of Amendment Area Tax Revenues. The Loan shall be secured by a pledge of and lien on all of the Amendment Area Tax Revenues and all amounts on deposit in the Special Fund. Such pledge and lien shall be on a parity with the pledge of and lien on the Amendment Area Tax Revenues and all amounts on deposit in the Special Fund of any Amendment Area Parity Debt. The Loan, interest thereon and premium, if any, are not a debt of the City, the State of California or any political subdivision thereof (other than the Agency), and neither the City, the State nor any political subdivision thereof (other than the Agency) is liable thereon.

Neither the full faith and credit nor the taxing power of the City, the State, nor any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Loan. In no event shall the principal of the Loan, interest thereon and premium, if any, be payable out of any fund or properties other than those of the Agency as set forth in this Loan Agreement. The Loan does not constitute an indebtedness in contravention of any constitutional or statutory debt provision, limitation or restriction. Neither the members of the board of the Agency nor any persons executing this Loan Agreement are liable personally on the Loan by reason of its execution.

Section 3.2. Deposit of Amendment Area Tax Revenues. The Agency will deposit all of the Amendment Area Tax Revenues received in the then current Bond Year to the Special Fund promptly upon receipt thereof, until the time (if any) during the then current Bond Year as the amounts on deposit in the Special Fund equal to the aggregate amounts required to make the Loan Payments and any Amendment Area Parity Debt, including amounts necessary to pay Administrative Expenses, with respect to such Bond Year. Any Amendment Area Tax Revenues received during such Bond Year in excess of the amount required to be deposited into the Special Fund will be deemed Surplus and released from the pledge and lien of the Loan Agreement and shall initially be used for any amounts due and payable under the Original Area Loan after the Original Area Tax Revenues (as defined in Loan Agreement No. 1) have been applied to the payment of the Original Area Loan and then may be used for any lawful purpose of the Agency. In the event the Surplus under the Loan Agreement No. 2 is used to make payments under the Original Area Loan, the Agency will cause like amounts of Original Area Tax Revenues, when available, to be expended on projects or improvements which benefit the Amendment Area.

Prior to the payment in full of the principal of and interest and prepayment premium (if any) on the Loan, and the payment in full of all other amounts payable under this Loan Agreement, including Administrative Expenses, the Agency will not have any beneficial right or interest in the moneys on deposit in the Special Fund, except only as provided in this Loan Agreement, and the moneys will be used and applied as set forth in this Loan Agreement.

Section 3.3. Transfer of Loan Payments to Trustee. The Agency shall withdraw from the Special Fund and transfer to the Trustee the following amounts at the following times and in the following order of priority:

(a) Interest and Principal Deposits. No later than the fifth (5th) Business Day preceding each date on which the principal of or interest on the Loan or any Amendment Area Parity Debt shall become due and payable, including but not limited to the principal amount of the Loan to

be prepaid together with any prepayment premium thereon, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit into the Revenue Fund an amount which, together with the amounts allocable to the Loan then held on deposit in the Revenue Fund, is equal the aggregate amount of such principal, interest and prepayment premium.

In lieu of depositing cash with the Trustee as payment of any installment of principal of the Loan coming due on June 1 of any year pursuant hereto, the Agency shall have the option to tender to the Trustee for cancellation Bonds maturing on June 1 in such year.

(b) Reserve Fund Deposits. In the event that the Trustee shall notify the Agency pursuant hereto that the amount on deposit in the Reserve Fund is less than the Reserve Requirement as a result of the valuation of Permitted Investments on deposit in the Reserve Fund, the Agency shall immediately deposit Amendment Area Tax Revenues into the Special Fund and transfer to the Trustee for deposit into the Reserve Fund an amount of money equal to the pro rata amount of such deficiency allocable to this Loan Agreement.

(c) Remaining Moneys. Except as may be otherwise provided by any Amendment Area Parity Debt, the Agency shall not be obligated to deposit in the Special Fund in any Bond Year an amount of Amendment Area Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required in such Bond Year as set forth above. In the event that for any reason whatsoever any amounts shall remain on deposit in the Special Fund on any November 2 after making all of the transfers theretofore required to be made pursuant to the preceding clauses (a) and (b) and pursuant to any Amendment Area Parity Debt, such amount shall be withdrawn from the Special Fund, to be used for any lawful purposes of the Agency.

The Agency shall receive a credit against Loan Payments in an amount equal to Reserve Fund earnings transferred from the Reserve Fund and on deposit in the Revenue Fund, pursuant to Section 4.3 of the Indenture.

Section 3.4. Investment of Moneys; Valuation of Investments. All moneys in the Special Fund will be invested by the Agency in any Permitted Investments authorized under the Redevelopment Law. All interest, profits and other income received from the investment of moneys in any fund or account held under the Loan Agreement will be retained in such fund or account.

#### ARTICLE IV

#### OTHER COVENANTS OF THE AGENCY

Section 4.1. Punctual Payment. The Agency will punctually pay or cause to be paid the principal of and interest on the Loan, together with any prepayment premiums thereon, in strict conformity with the terms of this Loan Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Loan Agreement.

Section 4.2. Limitation on Superior Debt and Amendment Area Parity Debt. The Agency hereby covenants that so long as the Loan remains unpaid, the Agency shall not issue any bonds, notes or other obligations, enter into any agreement including any tax-sharing agreements and developer agreements, or otherwise incur any loan, advance or indebtedness which is, in any case, secured by a lien on all or any part of the Amendment Area Tax Revenues, which is superior to or subject to Section 4.14 hereof, on a parity with the lien established hereunder for the security of the

Loan. Nothing herein is intended or shall be construed in any way to prohibit or impose any limitations upon the issuance by the Agency of loans, bonds, notes, advances or other indebtedness which are unsecured, or which are secured by a lien on the Amendment Area Tax Revenues junior to the lien created hereby, or which are secured by some other means subject to the provisions in Sections 4.9 and 4.14 hereof.

Section 4.3. Payment of Claims. The Agency will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Amendment Area Tax Revenues, or any part thereof, or upon any funds in the hands of the Trustee or which might impair the security of the Loan. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

Section 4.4. Books and Accounts; Financial Statements. The Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the City, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Amendment Area Tax Revenues and the Special Fund. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Authority, the Trustee and the Owners of any Bonds then Outstanding, or their representative authorized in writing.

The Agency will cause to be prepared and filed with the Trustee annually, within one hundred and eighty (180) days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Amendment Area Tax Revenues, all disbursements from the Special Fund and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project as of the end of such Fiscal Year, which statement shall be accompanied by a written certificate of the Agency stating that the Agency is in compliance with its obligations under this Loan Agreement. The Agency will furnish a copy of such statements, upon reasonable request, to any Bondowner. The Trustee shall have no duty to examine or review such statements.

Section 4.5. Protection of Security and Rights. The Agency will preserve and protect the security of the Loan and the rights of the Trustee and the Bondowners with respect to the Loan. From and after the Closing Date, the Loan shall be incontestable by the Agency.

Section 4.6. Payments of Taxes and Other Charges. The Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may be hereafter lawfully imposed upon the Agency or the properties then owned by the Agency in the Redevelopment Project when the same shall become due. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said taxes, assessments or charges. The Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

Section 4.7. No Removal of Property. The Agency will not remove by amendment to the Redevelopment Plan more than ten percent (10%) of the assessed value, or ten percent (10%) of acreage from the Redevelopment Project area. No removals shall be permitted which would reduce coverage below that required by the Amendment Area Parity Debt Test specified in Section 4.14.

Section 4.8. Disposition of Property. The Agency will not participate in the disposition of any land or real property in the Redevelopment Project to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the Redevelopment Project, or will result in an accumulated reduction in assessed value of more than ten percent (10%). In any event, no disposition will be permitted which would reduce Amendment Area Tax Revenues below the requirements for Amendment Area Parity Debt specified in Section 4.14 then in effect.

Section 4.9. Maintenance of Tax Revenues. The Agency shall comply with all requirements of the Redevelopment Law to insure the allocation and payment to it of the Amendment Area Tax Revenues, including, without limitation, the timely filing of any necessary statements of indebtedness with appropriate officials of the county and (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State of California. The Agency will not enter into any agreement with the City, the County of San Diego or any other governmental unit which is not subordinate to the Loan and any Amendment Area Parity Debt, or which would have the effect of reducing Amendment Area Tax Revenues available to the Agency for payment of the Loan and any Amendment Area Parity Debt. The Agency represents, covenants and agrees that it has not and will not incur any bonded indebtedness repayable from Amendment Area Tax Revenues such that the total aggregate amount of bonded indebtedness outstanding at any one time exceeds the Plan Limitations. Subject to the preceding sentences, nothing in this Loan is intended or shall be construed in any way to prohibit or impose any limitations on the entering into by the Agency of any such agreement, amendment or supplement which by its term is subordinate to the payment of the Loan.

Section 4.10. Indemnification. The Agency covenants and agrees to indemnify and save the Trustee and the Authority, and their officers, directors, agents and employees, harmless against any loss, expense and liability which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, and under the Indenture, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Agency under this section shall survive the resignation or removal of the Trustee under the Indenture or this Loan Agreement and payment of the Loan and the discharge of this Loan Agreement.

Section 4.11. Tax Covenants. Notwithstanding any other provision of this Loan Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of interest as evidenced by the Bonds will not be adversely affected for federal income tax purposes, the Agency covenants to comply with all applicable requirements of the Tax Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

- (a) Private Activity. The Agency will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or of any other moneys or property which would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Tax Code;
- (b) Arbitrage. The Agency will make no use of the proceeds of the Loan or of any other amounts or property, regardless of the source, or take any action or refrain from taking any

action which will cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Tax Code;

(c) Federal Guaranty. The Agency will make no use of the proceeds of the Loan or take or omit to take any action that would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code;

(d) Information Reporting. The Agency will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Tax Code;

(e) Hedge Bonds. The Agency will make no use of the proceeds of the Loan or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause either the Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Tax Code unless the Agency takes all necessary action to assure compliance with the requirements of Section 149(g) of the Tax Code to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes; and

(f) Miscellaneous. The Agency will take no action or refrain from taking any action inconsistent with the Authority expectations stated in that certain Tax Certificate executed by the Authority in connection with each issuance of Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 4.12. Continuing Disclosure Certificate. The Agency covenants and agrees to comply with and carry out all of its obligations under the Continuing Disclosure Certificate to be executed and delivered by the Agency in connection with the issuance of the Bonds. Notwithstanding any other provision of this Indenture, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under the Indenture. For purposes of the Indenture, “Beneficial Owner” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Section 4.13. Further Assurances. The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Loan Agreement and for the better assuring and confirming unto the Trustee, the Authority and the Owners of the Bonds of the rights and benefits provided in this Loan Agreement.

Section 4.14. Amendment Area Parity Debt. Amendment Area Parity Debt may be issued or incurred to pay costs of the Redevelopment Project subject to the following conditions precedent:

(a) The Trustee shall receive prior to the delivery of the Amendment Area Parity Debt:

(i) Copies of the Amendment Area Parity Debt pursuant to which such Amendment Area Parity Debt is authorized to be issued or incurred, certified by an authorized officer of the Agency;

(ii) An opinion of Counsel stating (1) that the Amendment Area Parity Debt is valid and enforceable in accordance with its terms; (2) that the Amendment Area Parity Debt creates a valid pledge of Amendment Area Tax Revenues; and (3) that the Amendment Area Parity Debt to be issued or incurred will not cause the Agency to violate any Plan Limitations;

(iii) A Written Certificate of the Agency stating that after delivery of such Amendment Area Parity Debt, the Agency will not be in default under the Indenture or this Loan Agreement, that the Agency has reviewed the Plan Limitations and certifies that the issuance or incurrence of Amendment Area Parity Debt or compliance with the terms thereof will not cause the Agency to violate any Plan Limitations. For purposes of such determination, Amendment Area Tax Revenues shall not include reimbursements, subventions, including payments to the Agency with respect to personal property within the Redevelopment Project pursuant to Section 16110 et seq., of the Government Code, or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption from the taxes. For purposes of such determination, Amendment Area Tax Revenues shall not include any Tax Increment Revenues required to be deposited in the Low and Moderate Income Housing Fund ("Housing Amount") for the Redevelopment Project, except to the extent necessary to repay that portion of the Amendment Area Loan, the Loan or any of the Amendment Area Parity Debt that is to be deposited in the Low and Moderate Income Housing Account.

(iv) With respect to such Amendment Area Parity Debt, a Written Certificate of the Agency (for which the Trustee shall have no responsibility of verification) showing:

a. The future annual payments of principal and interest with respect to the Loan, other Amendment Area Parity Debt, and the Amendment Area Parity Debt then being delivered;

b. For the then current Fiscal Year the Amendment Area Tax Revenues to be received by the Agency based upon the most recent taxable valuation of property in the Redevelopment Project furnished by the appropriate officer of the County; and

c. For the current and all future Fiscal Years during which the Loan, other Amendment Area Parity Debt and the Amendment Area Parity Debt then being delivered are Outstanding, that Amendment Area Tax Revenues as determined in clause (b) above, are at least 125% of Maximum Annual Loan Payments.

Section 4.15. Subordinate Debt. The Agency may for any purpose issue obligations having a lien on the Amendment Area Tax Revenues which is subordinate to the lien established under the

Loan Agreement and which are payable solely from Surplus, but only if upon the issuance of such subordinate obligation the Agency shall certify to the Trustee that such issuance shall not cause the Agency to violate any Plan Limitations.

## ARTICLE V

### LOAN EVENTS OF DEFAULTS AND REMEDIES

Section 5.1. Loan Events of Default and Acceleration of Maturities. The following events will constitute Events of Default under the Loan Agreement:

(a) Failure by the Agency to pay the principal of or interest on the Loan made hereunder or any Amendment Area Parity Debt when and as the same shall become due and payable.

(b) Failure by the Agency to observe and perform any of the covenants, agreements or conditions on its part contained in this Loan Agreement or any Amendment Area Parity Debt, other than as referred to in the preceding clause (a), for a period of sixty (60) days after written notice specifying such failure and requesting that its be remedied has been given to the Agency by the Trustee; provided, however, that if in the reasonable opinion of the Agency the failure stated in such notice can be corrected, but not within such sixty (60) day period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Agency within such sixty (60) day period and diligently pursued until such failure is corrected.

(c) The filing by the Agency of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction approves a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the Agency or of the whole or any substantial part of its property.

If an Event of Default has occurred and is continuing with respect to the Loan, the Trustee may, and the Trustee shall, (a) declare the principal of such Loan, together with the accrued interest on all unpaid installments thereof, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in this Loan Agreement to the contrary notwithstanding, and (b) subject to receipt of satisfactory indemnity to the Trustee from any liability, cost or expense, exercise any other remedies available to the Trustee in law or at equity. Immediately upon becoming aware of the occurrence of an Event of Default under this Loan Agreement, the Trustee will give notice of such Event of Default to the Agency by telephone, telecopier or other telecommunication device, confirmed in writing. This provision, however, is subject to the condition that if, at any time after the principal of the Loan has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the Agency will deposit with the Trustee a sum sufficient to pay all installments of principal of the Loan matured prior to such declaration and all accrued interest thereon, with interest on such overdue installments of principal and interest at the net effective rate then borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Loan due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made

therefor, then, and in every such case, by written notice to the Agency, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 5.2. Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provision of the Loan Agreement relating to the Loan will be applied by the Trustee in the following order:

First, to the payment of the costs and expenses of the Trustee and of Bondowners in declaring such Event of Default and in carrying out the provisions of the Loan Agreement, including reasonable compensation to their agents, attorneys and counsel and also including any outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Loan and any Amendment Area Parity Debt, as the case may be, then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Amendment Area Parity Debt, as the case may be; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order or priority:

(a) first, to the payment of all installments of interest on the Loan and any Amendment Area Parity Debt then due and unpaid on a pro rata basis in the event that the available amounts are insufficient to pay all interest in full;

(b) second, to the payment of principal of all installments of the Loan and any Amendment Area Parity Debt then due and unpaid on a pro rata basis in the event that the available amounts are insufficient to pay all such amounts in full;

(c) third, to the payment of the redemption price (including principal and interest accrued to the redemption date, but excluding any premium) of the Loan and any Amendment Area Parity Debt to be redeemed pursuant to this Loan Agreement or any Amendment Area Parity Debt on a pro rata basis in the event that the available amounts are insufficient to pay all such amounts in full; and

(d) fourth, to the payment of interest on overdue installments of principal and interest on the Loan and any Amendment Area Parity Debt on a pro rata basis in the event that the available amounts are insufficient to pay all such amounts in full.

Section 5.3. No Waiver. Nothing in this Article V or in any other provision of this Loan Agreement shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Amendment Area Tax Revenues and other amounts pledged hereunder, the principal of and interest and premium (if any) on the Loan on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Trustee to institute suit to enforce such payment by virtue of the contract embodied in this Loan Agreement.

A waiver of any default by the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed

to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Trustee by the Redevelopment Law or by this Article V may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Trustee, the Agency and the Trustee shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 5.4. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Redevelopment Law or any other law.

## ARTICLE VI

### MISCELLANEOUS

Section 6.1. Benefits Limited to Parties. Nothing in this Loan Agreement, expressed or implied, is intended to give to any person other than the Agency, the Authority and the Trustee, any right or remedy, claim under or by reason of this Loan Agreement, except as provided in Section 4.2 of the Indenture. All covenants, stipulations, promises or agreements in this Loan Agreement contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Authority and of the Trustee acting as trustee for the benefit of the Owners of the Bonds.

Section 6.2. Successor is Deemed Included in All References to Predecessor. Whenever in this Loan either the Agency, the Authority, or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof and all the covenants and agreements in this Loan Agreement contained by or on behalf of the Agency shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 6.3. Discharge of Loan Agreement. If the Agency shall pay and discharge all or any portion of the indebtedness of the Loan in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and prepayment premiums (if any) on all of such portion of the Loan, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, cash in an amount which, together with the available amounts then on deposit in any of the funds and accounts established pursuant to the Indenture of this Loan Agreement, is fully sufficient to pay the principal of and interest and prepayment premiums (if any) on all or such portion of the Loan; or

(c) by irrevocably depositing in conformance with Section 9.3 of the Indenture with the Trustee or any other fiduciary, in trust, non-callable Defeasance Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture or a Supplemental Indenture or pursuant to this Loan Agreement, be fully sufficient to pay and discharge the indebtedness on all of such portion of the Loan (including such principal, interest and prepayment

premiums) at or before maturity; the pledge of and lien upon the Amendment Area Tax Revenues and other funds provided for in this Loan Agreement and all other obligations of the Agency under this Loan Agreement with respect to the portion of the Loan so discharged shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the Trustee, from the amounts so deposited with the Trustee or such other fiduciary, all sums due with respect to the portion of the Loan so discharged and, in any event, all Administrative Expenses.

In the case of a discharge of the entire indebtedness on the Loan, any funds thereafter held by the Trustee under the Indenture with respect to the Loan which are not required for said purpose shall be paid over to the Agency.

Section 6.4. Amendment. This Loan Agreement may be amended by the parties hereto but only under the circumstances set forth in, and in accordance with, the provisions of Section 5.12 of the Indenture.

Section 6.5. Waiver of Personal Liability. No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or interest on the Loan; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 6.6. Notices. All written notices to be given under this Loan Agreement shall be sufficiently given and shall be deemed given when delivered or mailed by first class mail, postage prepaid, or sent by telegram, addressed as follows:

- |                      |                                                                                                                                                                                                                    |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| If to the Authority: | Imperial Beach Public Financing Authority<br>825 Imperial Beach Boulevard<br>Imperial Beach, California 91932<br>Attention: Executive Director<br>Fax: (619) 423-8300                                              |
| If to the Agency:    | Imperial Beach Redevelopment Agency<br>825 Imperial Beach Boulevard<br>Imperial Beach, California 91932<br>Attention: Executive Director<br>Fax: (619) 423-8300                                                    |
| If to the Trustee:   | Wells Fargo Bank, National Association<br>707 Wilshire Boulevard, 17 <sup>th</sup> Floor<br>Los Angeles, California 90017<br>Attention: Corporate Trust Department<br>Re: Imperial Beach 2003 Tax Allocation Bonds |

The Authority, the Trustee, and the Agency may designate any further or different addresses to which subsequent notices shall be sent.

Section 6.7. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Loan Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Loan Agreement. The Agency and the Authority hereby declare that each party would have executed this Loan Agreement and each and every other

Section, paragraph, sentence, clause or phrase hereof and authorized the Loan irrespective of the fact that any one or more sections, paragraphs, sentence, clauses, or phrases of this Loan Agreement may be held illegal, invalid or unenforceable.

IN WITNESS WHEREOF, the IMPERIAL BEACH REDEVELOPMENT AGENCY and the IMPERIAL BEACH PUBLIC FINANCING AUTHORITY, have caused this Loan Agreement to be signed by their respective officers, all as of the date and year first above written.

[SEAL]

IMPERIAL BEACH REDEVELOPMENT AGENCY

By:   
Its: Executive Director

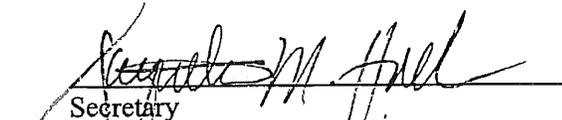
ATTEST:

  
Secretary

IMPERIAL BEACH PUBLIC FINANCING  
AUTHORITY

By:   
Its: Executive Director

ATTEST:

  
Secretary

**EXHIBIT A**

**REQUISITION NO. \_\_\_\_\_  
FOR DISBURSEMENT FROM REDEVELOPMENT FUND**

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting Executive Director of the Imperial Beach Redevelopment Agency, a public body corporate and politic, duly organized and existing under the Constitution and laws of the State of California (the "Agency"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 2.5 of that certain Loan Agreement No. 2, dated as of November 1, 2003, by and between the Imperial Beach Public Financing Authority and the Agency (the "Loan Agreement"), the undersigned hereby requests the Treasurer to disburse this date the following amounts from the following accounts, designated by a check mark in the appropriate box, established under the Loan Agreement, to the payees designated on the attached Schedule 1:

- Project Account; and
- Low and Moderate Income Housing Account.

(iii) that there has not been filed with or served upon the Agency notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the payees named on the attached Schedule 1, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: \_\_\_\_\_

IMPERIAL BEACH REDEVELOPMENT AGENCY

By: \_\_\_\_\_

Its: Executive Director

**SCHEDULE 1 TO EXHIBIT A**  
**REDEVELOPMENT FUND DISBURSEMENTS**

<i>Item Number</i>	<i>Payee Name and Address</i>	<i>Purpose of Obligation</i>	<i>Amount</i>	<i>Name of Account</i>
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**NEW ISSUE -FULL BOOK - ENTRY ONLY****NO RATING**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions and assuming certain representations and compliance with certain covenants and requirements discussed herein, interest and original issue discount on the Bonds is excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest and original issue discount on the Bonds is exempt from California personal income tax. See the caption "TAX MATTERS."

**\$22,765,000**

**Imperial Beach Public Financing Authority  
Tax Allocation Revenue Bonds,  
2003 Series A  
(Palm Avenue/Commercial Redevelopment Project)**

**Dated: Date of Delivery****Due: June 1 as shown on inside cover hereof**

The Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project) (the "Bonds") are being issued by the Imperial Beach Public Financing Authority (the "Authority") pursuant to an Indenture of Trust, dated as of November 1, 2003, by and among the Authority, the Imperial Beach Redevelopment Agency (the "Agency") and Wells Fargo Bank, National Association, as trustee, to provide money for loans to the Agency.

Interest on the Bonds will be payable on June 1 and December 1 of each year, commencing June 1, 2004. The Bonds will be issued as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof. Principal of the Bonds will be payable at the principal corporate trust office of Wells Fargo Bank, National Association, Los Angeles, California as trustee. When issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only. Principal, premium, if any, and interest on the Bonds will be paid to DTC, which in turn is required to remit such principal and interest to its participants for subsequent dispersal to the beneficial owners of the Bonds as described herein.

*The Bonds are subject to optional and mandatory sinking account redemption prior to maturity, as described herein.*

Proceeds of the Bonds will be (i) loaned to the Agency to fund redevelopment activities in the Original Area pursuant to Loan Agreement No. 1 (Original Area), dated as of November 1, 2003 (the "Loan Agreement No. 1"), by and between the Agency and the Authority, (ii) loaned to the Agency to fund redevelopment activities in the Amendment Area pursuant to Loan Agreement No. 2 (Amendment Area), dated as of November 1, 2003 (the "Loan Agreement No. 2" together with Loan Agreement No. 1, the "Loan Agreements"), by and between the Agency and the Authority, (iii) to provide for a reserve fund, and (iv) to provide for the costs of issuance of the Bonds.

The Bonds are special obligations of the Authority payable from and secured by Revenues as defined in the Indenture, consisting primarily of amounts payable by the Agency under the Loan Agreements. The Agency's obligations under Loan Agreement No. 1 are secured by a pledge of Original Area Tax Revenues, as defined in Loan Agreement No. 1, and the Agency's obligations under Loan Agreement No. 2 are secured by a pledge of Amendment Area Tax Revenues, as defined in Loan Agreement No. 2.

With the exception of certain statutory payment obligations to other taxing entities, the Agency has no other obligations outstanding with a pledge on Original Area Tax Revenues or Amendment Area Tax Revenues senior to the pledge securing the loans with respect to the Loan Agreements; however, the Agency may incur other obligations having a lien on Original Area Tax Revenues or Amendment Area Tax Revenues on a parity with or subordinate in right of payment to the loans with respect to the Loan Agreements.

**THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES, AS DESCRIBED HEREIN, AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS MAINTAINED UNDER THE INDENTURE, AND, AS SUCH, ARE NOT A DEBT OF THE CITY OF IMPERIAL BEACH (THE "CITY") OR THE STATE OF CALIFORNIA OR ANY OF THE STATE'S POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), AND NEITHER THE CITY NOR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY), IS LIABLE THEREFOR. THE BONDS ARE NOT PAYABLE FROM, AND ARE NOT SECURED BY, ANY FUNDS OF THE AUTHORITY, OTHER THAN THE REVENUES PLEDGED PURSUANT TO THE INDENTURE. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AUTHORITY NOR ANY PERSONS RESPONSIBLE FOR THE EXECUTION OF THE BONDS ARE LIABLE PERSONALLY FOR PAYMENT OF THE BONDS BY REASON OF THEIR ISSUANCE.**

THIS COVER PAGE CONTAINS INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. POTENTIAL PURCHASERS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The Bonds are offered when, as and if issued, and accepted by the Underwriter, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the Underwriter by Fulbright & Jaworski L.L.P. and for the Agency and the Authority by Lynn McDougal, Esq. It is anticipated that the Bonds will be available for delivery to DTC in book-entry form in New York, New York on or about December 11, 2003.

KINSELL, NEWCOMB

DE DIOS, INC.  
INVESTMENT BANKING

Dated: December 2, 2003.

**IMPERIAL BEACH PUBLIC FINANCING AUTHORITY  
IMPERIAL BEACH, CALIFORNIA**

**AUTHORITY MEMBERS**

Diane Rose, Chairperson  
Ron Rogers, Vice Chairperson  
Patricia McCoy, Member  
Jim Janney, Member  
Mayda Winter, Member

**AUTHORITY STAFF**

Lauren Wasserman, Executive Director  
John Herrera, Administrative Services Director/Treasurer  
Jacqueline M. Hald, Authority Secretary

**IMPERIAL BEACH REDEVELOPMENT AGENCY  
IMPERIAL BEACH, CALIFORNIA**

**AGENCY MEMBERS**

Diane Rose, Chairperson  
Ron Rogers, Vice Chairperson  
Patricia McCoy, Member  
Jim Janney, Member  
Mayda Winter, Member

**AGENCY STAFF**

Lauren Wasserman, Executive Director  
John Herrera, Administrative Services Director/Treasurer  
Jacqueline M. Hald, Agency Secretary

**SPECIAL SERVICES**

**Authority and Agency Counsel**  
Lynn McDougal, Esq.

**Bond Counsel**

Stradling Yocca Carlson & Rauth, a Professional Corporation  
Newport Beach, California

**Financial Advisor**

A.M. Miller & Co., Inc.  
San Diego, California

**Fiscal Consultant**

Rosenow Spevacek Group, Inc.  
Santa Ana, California

**Trustee**

Wells Fargo Bank, National Association  
Los Angeles, California

Original Area and the Amendment Area and to show the due execution and authorization of this Official Statement by the Authority.

### THE FINANCING PLAN

Proceeds of the sale of the Bonds will be applied to finance undertakings of the Agency for the Redevelopment Project with respect to the Original Area and the Redevelopment Project with respect to the Amendment Area, to complete public improvements and economic development activities, including but not limited to, street improvements such as street repavement, construction of new streets, street widening, sewer line improvements, curbs, gutters and sidewalk improvements and traffic signalization upgrades, public park capital improvements, construction of community facilities, undergrounding of overhead utility lines, landscaping improvements and the provision of assistance to affordable housing projects. These public improvements and economic development activities are not exhaustive and the Agency may use the proceeds of the sale of the Bonds to finance any permissible undertakings pursuant to the Original Area Redevelopment Plan and the Amendment Area Redevelopment Plan.

### ESTIMATED SOURCES AND USES OF BOND PROCEEDS

The following table sets forth the estimated sources and uses of proceeds of the Bonds.

<b>Sources of Funds:</b>	
Par Amount of Bonds	\$22,765,000.00
Less Original Issue Discount	<u>(323,842.65)</u>
<b>Total Sources</b>	<b><u>\$22,441,157.35</u></b>
 <b>Uses of Funds:</b>	
Underwriter's Discount	\$ 330,092.50
Costs of Issuance <sup>(1)</sup>	135,200.00
Reserve Fund	1,555,575.00
Original Area Redevelopment Fund	4,265,213.86
Amendment Area Redevelopment Fund	<u>16,155,075.99</u>
<b>Total Uses</b>	<b><u>\$22,441,157.35</u></b>

<sup>(1)</sup> Includes consultant fees, Bond Counsel fees, Trustee fees and printing fees.

within the Amendment Area and property on which persons reside in the Original Area, and has among other powers the authority to acquire, administer, develop, lease or sell property, and the right to issue bonds. The Agency can clear buildings and other improvements and can develop as a building site any real property owned or acquired and in connection with such development can cause streets, highways, and sidewalks to be constructed or reconstructed and public utilities to be installed.

The Agency may, out of funds available for such purposes, pay for all or part of the value of land and the cost of building facilities, structures or other improvements of benefit to a redevelopment project area and when no other reasonable means of financing are available. The Agency must sell or lease any property within the Project Area for the redevelopment by others in strict conformity with a redevelopment plan and may specify a period within which such redevelopment must begin or be completed.

### **Factors Affecting Redevelopment Agencies Generally**

Other features of California Redevelopment Law which bear on redevelopment agencies include general provisions which require public agencies to award contracts for construction only after competitive bidding. The Redevelopment Law provides that construction in excess of a minimum amount undertaken by the Agency shall be done only after competitive bidding. California statutes also provide for offenses punishable as felonies which involve direct or indirect interest of a public official in a contract made by such official in his official capacity. In addition, the Community Redevelopment Law prohibits any Agency or City official or employee who, in the course of his duties, is required to participate in the formulation or approval of plans or policies, from acquiring any interest in property in the Project Area.

Under a State initiative enacted in 1974, public officials are required to make extensive disclosures regarding their financial interests by filing such disclosures as public records. As of the date of this Official Statement, the members of the City Council and the Agency, and other City and Agency officials have made the required filings. California also has strict laws regarding public meetings (known as the Ralph M. Brown Act) which makes all Agency and City meetings open to the public, with certain exceptions.

Redevelopment agencies are required to file a statement of indebtedness with the County Auditor-Controller not later than the first day of October, stating the amount of indebtedness of the Agency as of the close of its fiscal year, June 30. The Agency has made such a filing for fiscal year 2002-03.

### **Housing Set-Aside**

Chapter 1337, Statutes of 1976, added Sections 33334.2 and 33334.3 to the Redevelopment Law requiring redevelopment agencies to set aside at least 20 percent of all tax increment revenues allocated and paid to redevelopment agencies from redevelopment project areas adopted after December 31, 1976 in the Agency's Low and Moderate Income Housing Fund to be expended for authorized low and moderate income housing purposes (the "Housing Set-Aside Payments"). The debt service on the Bonds is chargeable to such Housing Set-Aside Payments and Original Area Tax Revenues and Amendment Area Tax Revenues reflect an allocation of payments to amounts otherwise chargeable to the Low and Moderate Income Housing Fund. See APPENDIX C—"FISCAL CONSULTANT'S REPORT." Parity Debt may be issued with a claim against Housing Set-Aside Payments to the extent set forth in the proceedings for such Parity Debt. See "SECURITY FOR THE BONDS—Pledge of Revenues."

The provisions of the Redevelopment Law regarding the funding of low and moderate income housing funds have been frequently amended since their original adoption. In addition, the interpretations of these laws by the California Attorney General and redevelopment agency counsels throughout the State have at times been subject to variation and change.



STAFF REPORT  
OVERSIGHT BOARD  
TO THE  
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

TO: CHAIR AND MEMBERS OF THE OVERSIGHT BOARD TO THE  
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR  
AGENCY

FROM: GARY BROWN, EXECUTIVE DIRECTOR  
GREG WADE, DEPUTY DIRECTOR *GW*

MEETING DATE: AUGUST 22, 2012

SUBJECT: ADOPTION OF RESOLUTION NO. OB-12-09 OF THE  
OVERSIGHT BOARD OF THE IMPERIAL BEACH  
REDEVELOPMENT AGENCY SUCCESSOR AGENCY  
APPROVING THE RECOGNIZED OBLIGATION PAYMENT  
SCHEDULE (ROPS) FOR THE PERIOD OF JANUARY 1, 2013  
THROUGH JUNE 30, 2013 AND APPROVING CERTAIN  
RELATED ACTIONS PURSUANT TO PART 1.85 OF THE  
CALIFORNIA HEALTH AND SAFETY CODE

---

**BACKGROUND:**

On June 28, 2011, AB x1 26 ("AB 26") was signed into law by the Governor of California which called for the dissolution of redevelopment agencies throughout the state and established the procedures by which this was to be accomplished. On December 29, 2011, AB 26 was largely upheld by the California State Supreme Court with some of the dates by which certain dissolution actions were to occur pushed back by four months. As a result of the Supreme Court's decision, and on February 1, 2012, all California redevelopment agencies were dissolved, successor agencies were established as successor agencies to the former redevelopment agencies, and successor agencies are tasked with paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and winding down the affairs of the former redevelopment agencies.

Pursuant to Health and Safety Code Section 34177 of AB 26, the Imperial Beach Redevelopment Agency Successor Agency ("Successor Agency") prepared a draft Recognized Obligation Payment Schedule ("ROPS") by the required deadline of March 1, 2012, and adopted the draft ROPS on February 15, 2012 for the period ending June 30, 2012. This ROPS, for the period of January 1, 2012 through June 30, 2012, was subsequently modified and approved by the Successor Agency's Oversight Board and submitted to the State of California Controller's Office and the State of California Department of Finance by April 15, 2012. Additionally, the Successor Agency adopted the second ROPS covering the period from July 1, 2012 through December 31, 2012, which was also approved by the Oversight Board and transmitted to the State of California Controller's Office and the State of California Department of Finance by April 15, 2012.

## **DISCUSSION:**

On June 27, 2012, the State Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012) as a trailer bill for the Fiscal Year 2012-2013 State budget package. Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 also imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind-down process of former redevelopment agencies.

Pursuant to Section 34177(m) of AB 26 as amended by AB 1484, the Successor Agency is required to submit the third ROPS for the period of January 1, 2013 through June 30, 2013 (the "Third ROPS"), to the Department of Finance and the County Auditor-Controller no later than September 1, 2012. Staff has prepared the Third ROPS and it is attached to this staff report as Exhibit "A" to Resolution Number OB-12-09. On Wednesday, August 1, 2012, the Successor Agency adopted Resolution Number SA-12-13 approving the Third ROPS and authorizing staff to provide this ROPS to the Oversight Board for review and approval and concurrently to submit a copy to the County Administrative Officer, the County Auditor-Controller, and the Department of Finance. If approved by the Oversight Board, the Third ROPS would be provided to the Department of Finance electronically and to the County Auditor-Controller no later than September 1, 2012, and also submitted to the State Controller's Office and posted on the Successor Agency's internet website.

As part of the Oversight Board's approval of the Third ROPS including the obligations and funding sources listed in the Third ROPS, the Successor Agency seeks the following specific actions and approvals as proposed in the Third ROPS and detailed in the Resolution Number OB-12-09 included at Attachment 1 to this staff report:

1. Approving the cost to the Successor Agency in the estimated amount of \$40,000 to retain a licensed accountant to perform the Due Diligence Review and related actions as required by Health and Safety Code Section 34179.5 and identifying this item as an enforceable obligation of the Successor Agency on the Third ROPS, pursuant to Health and Safety Code Sections 34171(d)(1)(C), 34171(d)(1)(F), and 34177.3(b) of AB 26 as amended by AB 1484.
2. Approving the Successor Agency reentering into the former Redevelopment Agency Reimbursement Agreement with the City of Imperial Beach, dated July 1, 2007, to reimburse the City for administrative and operational costs incurred by the City on behalf of the Successor Agency and identifying this Reimbursement Agreement as an enforceable obligation of the Successor Agency, pursuant to Health and Safety Code Sections 34171(d)(1)(F), 34178(a), and 34180(h) of AB 26 as amended by AB 1484. A copy of the Reimbursement Agreement is included as Attachment 2 of this staff report.
3. Acknowledging and agreeing that the City of Imperial Beach Housing Authority's ("Housing Authority") designations of the use and commitment of the Excess Housing Bonds Proceeds toward the Clean & Green Program in the approximate amount of \$380,000 and toward the Habitat for Humanity Project in the approximate amount of \$533,000 constitute enforceable obligations of the Successor Agency, pursuant to Health and Safety Code Section 34176(g) of AB 26 as amended by AB 1484. This action is further supported by the Oversight Board's determinations made in in Resolution Number OB-12-08.
4. Approving the repayment of certain loans/advances made from Low and Moderate Income Housing Tax Increment Funds to pay enforceable obligations approved on the

ROPS for the period from January 1, 2012 through June 30, 2012 and the ROPS for the period from July 1, 2012 through December 31, 2012, where the Successor Agency had no other funding sources available to pay for the approved enforceable obligations, including the payment of the May 2012 debt service payments on Bond Issuances. These loans/advances constitute enforceable obligations of the Successor Agency, pursuant to Health and Safety Code Sections 34171(d)(1)(G) and 34180(a) of AB 26 as amended by AB 1484.

In connection with the housing funds loan/advances referenced in Item 4 above,, on line number 5 of the Third ROPS is a loan/advance in the amount of \$369,607 made from the Housing Authority's Low and Moderate Income Housing Asset Fund that was needed by the Successor Agency to pay the May 2012 Bond Payments. The use of these funds for this purpose, an enforceable obligation pursuant to Health and Safety Code Section 34171(d)(1)(G) if approved by the Oversight Board, was necessary as there were no other tax increment or Redevelopment Property Tax Trust Funds available to make this required bond payment. This obligation is included on the Third ROPS to request repayment of \$369,607 to the Housing Authority's Low and Moderate Income Housing Asset Fund.

Also included in the Third ROPS on line item numbers 6 and 7 are loans/advances in the amount of \$872,273 and \$822,801, respectively, made from the Housing Authority's Low and Moderate Income Housing Asset Fund that were needed to pay for enforceable obligations included on the approved ROPS for the periods of January 1, 2012 through June 30, 2012 and July 1, 2012 through December 31, 2012. These loans/advances, made pursuant to Health and Safety Code Section 34171(d)(1)(G) if approved by the Oversight Board, were necessary as there were no other tax increment funds, Redevelopment Property Tax Trust Funds, or other funds available to pay for the approved enforceable obligations.

Further, in connection with the former Redevelopment Agency Reimbursement Agreement with the City of Imperial Beach referenced in Item 2 above, on July 1, 2007, the City of Imperial Beach entered into an agreement with the former Redevelopment Agency to provide and pay for staffing services necessary to carry out the duties and responsibilities of the former Redevelopment Agency. This Agreement and its repayment obligations were included in both of the approved ROPS for the periods of January 1, 2012 through June 30, 2012 and July 1, 2012 through December 31, 2012. This Agreement and its repayment obligations are now included in the Third ROPS titled the "City Services Agreement" on line item number 12.

Pursuant to Health and Safety Code Sections 34171(d)(1)(F), 34178(a), and 34180(h) of AB 26 as amended by AB 1484, and subject to Oversight Board approval, on August 1, 2012, the Successor Agency approved Resolution Number SA-12-13 (Attachment No. 3) which also authorized the Successor Agency reentering into this Agreement with the City of Imperial Beach in order to reimburse the City for administrative and operational costs incurred by the City on behalf of the Successor Agency. Pursuant to Health and Safety Code Sections 34171(d)(1)(F), 34178(a), and 34180(h) of AB 26 as amended by AB 1484, the Successor Agency now seeks the Oversight Board's approval of the Successor Agency reentering into this Agreement with the City. Resolution Number OB-12-09 includes specific language which approves the Successor Agency reentering into this "City Services Agreement". Please note that Attachment 3 (Resolution No. SA-12-13) contains a copy of the Third ROPS that was approved by the Successor Agency on August 1, 2012. Since that approval, however, the Department of Finance (DOF) prepared a new ROPS form to be utilized for the Third ROPS. Staff is currently completing the new form for the Third ROPS prepared by the DOF. This version of the Third ROPS will be presented to the Oversight Board for approval at the meeting on August 22, 2012.

**ENVIRONMENTAL DETERMINATION:**

The activity proposed by Resolution Number OB-12-09 is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity proposed by Resolution Number OB-12-09 is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the CEQA Guidelines.

**FISCAL IMPACT:**

The Recognized Obligation Payment Schedule (ROPS) for the period of January 1, 2013 through June 30, 2013, identifies enforceable obligations totaling \$7,277,208 for which Redevelopment Property Tax Trust Fund (RPTTF) funds are requested.

**DIRECTOR'S RECOMMENDATION:**

Staff recommends that the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency adopt Resolution Number OB-12-09 approving the Recognized Obligation Payment Schedule (ROPS) for the period of January 1, 2013 through June 30, 2013 and approving certain related actions pursuant to Part 1.85 of the California Health and Safety Code.



Gregory Wade, Deputy Director

Attachments:

1. Resolution No. OB-12-09
2. Reimbursement Agreement Between the City of Imperial Beach and the Imperial Beach Redevelopment Agency
3. Resolution No. SA-12-13

RESOLUTION NO. OB-12-09

**RESOLUTION OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE THIRD RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JANUARY 1, 2013 THROUGH JUNE 30, 2013 AND APPROVING CERTAIN RELATED ACTIONS PURSUANT TO PART 1.85 OF THE CALIFORNIA HEALTH AND SAFETY CODE**

**WHEREAS**, the Imperial Beach Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Imperial Beach ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

**WHEREAS**, the City Council has adopted redevelopment plans for Imperial Beach's redevelopment project areas, and from time to time, the City Council has amended such redevelopment plans; and

**WHEREAS**, the Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

**WHEREAS**, Assembly Bill X1 26 (2011-2012 1<sup>st</sup> Ex. Sess.) ("AB 26") was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and the California Health and Safety Code ("Health and Safety Code"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the Health and Safety Code; and

**WHEREAS**, pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and winding down the business and fiscal affairs of the former redevelopment agencies; and

**WHEREAS**, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

**WHEREAS**, on February 15, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. SA-12-01 naming itself the "Imperial Beach Redevelopment Agency Successor Agency," the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

**WHEREAS**, as part of the FY 2012-2013 State budget package, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies; and

**WHEREAS**, Health and Safety Code Section 34179 of AB 26 as amended by AB 1484 establishes a seven (7) member local entity with respect to each successor agency and such

entity is titled the "oversight board." The oversight board has been established for the Successor Agency (hereinafter referred to as the "Oversight Board") and all seven (7) members have been appointed to the Oversight Board pursuant to Health and Safety Code Section 34179. The duties and responsibilities of the Oversight Board are primarily set forth in Health and Safety Code Sections 34179 through 34181 of AB 26 as amended by AB 1484; and

**WHEREAS**, pursuant to Health and Safety Code Section 34177 of AB 26, the Successor Agency (i) prepared its draft Recognized Obligation Payment Schedule ("ROPS") by March 1, 2012, (ii) adopted the draft ROPS on February 15, 2012 for the period ending June 30, 2012, as modified administratively by the Executive Director, (iii) submitted the draft ROPS to the State of California Controller's Office and the State of California Department of Finance ("Department of Finance") by April 15, 2012 for the period of January 1, 2012 through June 30, 2012, (iv) amended the draft ROPS as the first ROPS for submission to the State Controller's Office and the Department of Finance by April 15, 2012 and revised the ROPS to reflect the time period of January 1, 2012 through June 30, 2012 ("First ROPS"), and (v) adopted the second ROPS covering the period from July 1, 2012 through December 31, 2012 ("Second ROPS"); and

**WHEREAS**, in accordance with Health and Safety Code Sections 34177(l)(2)(B) and 34180(g) of AB 26, on April 11, 2012, the Oversight Board approved the First ROPS pursuant to Resolution No. OB-12-03 as proposed by the Successor Agency, and on April 11, 2012, the Oversight Board approved the Second ROPS pursuant to Resolution OB-12-04 as proposed by the Successor Agency; and

**WHEREAS**, pursuant to Health and Safety Code Section 34177 of AB 26 as amended by AB 1484, the Successor Agency adopted the third ROPS covering the period from January 1, 2013 through June 30, 2013 ("Third ROPS") on August 1, 2012 pursuant to Resolution No. SA-12-13; and

**WHEREAS**, the Third ROPS is now being submitted to the Oversight Board for review and approval in accordance with Health and Safety Code Sections 34177(l)(2)(B) and 34180(g) of AB 26 as amended by AB 1484. In this regard, as required by Health and Safety Code Section 34177(l)(2)(B), the Successor Agency has also submitted a copy of the Third ROPS to the County Administrative Officer, the County Auditor-Controller, and the Department of Finance at the same time that the Successor Agency has submitted the Third ROPS to the Oversight Board for approval; and

**WHEREAS**, pursuant to Health and Safety Code Section 34177(m) of AB 26 as amended by AB 1484, the Successor Agency is required to submit the Third ROPS for the period of January 1, 2013 through June 30, 2013, after its approval by the Oversight Board, to the Department of Finance and the County Auditor-Controller no later than September 1, 2012; and

**WHEREAS**, pursuant to Health and Safety Code Section 34177(l)(2)(C) of AB 26 as amended by AB 1484, a copy of the Third ROPS as approved by the Oversight Board shall be submitted to the County Auditor-Controller and both the State Controller's Office and the Department of Finance and shall be posted on the Successor Agency's internet website; and

**WHEREAS**, pursuant to Health and Safety Code Section 34177(m)(1) of AB 26 as amended by AB 1484, the Successor Agency shall submit a copy of the Third ROPS to the Department of Finance electronically and the Successor Agency shall have completed the Third ROPS in the manner provided by the Department of Finance; and

**WHEREAS**, pursuant to Health and Safety Code Section 34183(a)(2) of AB 26 as amended by AB 1484, the County is required to make a payment of property tax revenues (i.e. former tax increment funds) to the Successor Agency by January 2, 2013 for payments to be made toward recognized obligations listed on the Third ROPS for the period of January 1, 2013 through June 30, 2013; and

**WHEREAS**, pursuant to Health and Safety Code Section 34177(l)(3) of AB 26 as amended by AB 1484, the ROPS shall be forward looking to the next six (6) months; and

**WHEREAS**, according to Health and Safety Code Section 34177(l)(1) of AB 26 as amended by AB 1484, for each recognized obligation, the ROPS shall identify one or more of the following sources of payment: (i) Low and Moderate Income Housing Funds, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by the provisions of Part 1.85 of AB 26 as amended by AB 1484, and (vi) other revenue sources, including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former Redevelopment Agency as approved by the Oversight Board in accordance with Part 1.85 of AB 26 as amended by AB 1484; and

**WHEREAS**, it is the intent of AB 26 as amended by AB 1484 that the ROPS serve as the designated reporting mechanism for disclosing the Successor Agency's bi-annual payment obligations by amount and source and that the County Auditor-Controller will be responsible for ensuring that the Successor Agency receives revenues sufficient to meet the requirements of the ROPS during each bi-annual period; and

**WHEREAS**, the Third ROPS covering the period of January 1, 2013 through June 30, 2013, as adopted by the Successor Agency is attached hereto as Exhibit "A"; and

**WHEREAS**, the Third ROPS is consistent with the requirements of the Health and Safety Code and other applicable law; and

**WHEREAS**, the Third ROPS contains the schedules for payments on enforceable obligations required for the applicable six-month period and sources of funds for repayment as required pursuant to Health and Safety Code Section 34177(l); and

**WHEREAS**, the Third ROPS includes an obligation pertaining to the estimated cost to the Successor Agency in the amount of \$40,000 to retain a licensed accountant to perform services relating to preparation of the due diligence review and related actions pursuant to Health and Safety Code Section 34179.5; and

**WHEREAS**, among other obligations listed on the Third ROPS, the cost to the Successor Agency in the estimated amount of \$40,000 to retain a licensed accountant to perform services pursuant to an agreement to be entered into by the Successor Agency and the selected accountant relating to preparation of the due diligence review and related actions pursuant to Health and Safety Code Section 34179.5 is included on the Third ROPS. Upon the Oversight Board's approval and effectiveness of the Third ROPS, such item will constitute an enforceable obligation of the Successor Agency pursuant to Health and Safety Code Sections 34171(d)(1)(C), 34171(d)(1)(F), and 34177.3(b), payable from the property tax revenues available to be allocated to the Successor Agency by the County to pay enforceable obligations pursuant to a valid ROPS; and

**WHEREAS**, among other obligations listed on the Third ROPS, the Successor Agency

approved the Successor Agency to reenter into the former Redevelopment Agency Reimbursement Agreement with the City of Imperial Beach, dated January 1, 2007, to reimburse the City for administrative and operational costs incurred by the City on behalf of the Successor Agency and the Successor Agency included the Reimbursement Agreement on the Third ROPS pursuant to Health and Safety Code Sections 34171(d)(1)(F) and 34178(a). Upon the Oversight Board's approval of this action of the Successor Agency pursuant to Health and Safety Code Sections 34171(d)(1)(F), 34178(a), and 34180(h) and upon the Oversight Board's approval and effectiveness of the Third ROPS, such Reimbursement Agreement will constitute an enforceable obligation of the Successor Agency payable from the property tax revenues available to be allocated to the Successor Agency by the County to pay enforceable obligations pursuant to a valid ROPS; and

**WHEREAS**, among other obligations listed on the Third ROPS, the Successor Agency included on the Third ROPS the use and commitment of available housing bond proceeds in the total amount of \$913,000 derived from a 2003 Bond issuance ("Excess Housing Bonds Proceeds") toward the Clean & Green Program in the approximate amount of \$380,000 and toward the Habitat for Humanity Project in the approximate amount of \$533,000 as designated in writing on July 24, 2012 by the City of Imperial Beach Housing Authority ("Housing Authority"), serving as the successor housing entity to the Redevelopment Agency pursuant to AB 26 as amended by AB 1484, to the Successor Agency pursuant to Health and Safety Code Section 34176(g)(1); and

**WHEREAS**, pursuant to Health and Safety Code Section 34176(g)(1)(B) of AB 26 as amended by AB 1484, review of the Housing Authority's designations of the use and commitment of the Excess Housing Bonds Proceeds by the Successor Agency, the Oversight Board and the Department of Finance shall be limited to a determination that the Housing Authority's designations of the use and commitment of such proceeds are consistent with the Housing Bonds covenant obligations, including requirements relating to tax status, and that there are sufficient Excess Housing Bonds Proceeds available for the designated purposes. Upon the Oversight Board's determination pursuant to Section 34176(g)(1)(B) and the Oversight Board's approval and effectiveness of the Third ROPS, the Housing Authority's designations of the use and commitment of the Excess Housing Bonds Proceeds toward the Clean & Green Program in the approximate amount of \$380,000 and toward the Habitat for Humanity Project in the approximate amount of \$533,000 will constitute an enforceable obligation of the Successor Agency payable from the Excess Housing Bonds Proceeds; and

**WHEREAS**, among other obligations listed on the Third ROPS, the Successor Agency included on the Third ROPS certain loans/advances made from Low and Moderate Income Housing Tax Increment Funds to pay enforceable obligations approved on the First ROPS and the Second ROPS where the Successor Agency had no other funding sources available to pay said enforceable obligations including, without limitation, payment of the May 2012 debt service payments on Bond Issuances. Pursuant to Health and Safety Code Section 34171(d)(1)(G) in pertinent part, amounts borrowed from, or payments owing to, the Low and Moderate Income Housing Fund may constitute enforceable obligations, provided that the Oversight Board approves the repayment schedule. Upon the Oversight Board's approval of the repayment schedule of the loans/advances made from Low and Moderate Income Housing Tax Increment Funds pursuant to Health and Safety Code Sections 34171(d)(1)(G) and 34180(a) and the Oversight Board's approval and effectiveness of the Third ROPS, the Successor Agency's loans/advances made from Low and Moderate Income Housing Tax Increment Funds will constitute enforceable obligations of the Successor Agency payable from the property tax revenues available to be allocated to the Successor Agency by the County to pay enforceable obligations pursuant to a valid ROPS; and

**WHEREAS**, pursuant to Health and Safety Code Section 34177(m), the Third ROPS as approved by the Oversight Board shall be submitted to the Department of Finance and the County Auditor-Controller by September 1, 2012 and subsequent six-month period ROPS as approved by the Oversight Board shall be submitted to the Department of Finance and County Auditor-Controller no fewer than ninety (90) days before the date of property tax distribution. Section 34177(m) further provides that the Department of Finance shall make its determination of the enforceable obligations and the amounts and funding sources of enforceable obligations no later than forty-five (45) days after the ROPS is submitted and that the Successor Agency may, within five (5) business days of the Department of Finance's determination, request an additional review by the Department of Finance and an opportunity to meet and confer on disputed items. In the event of a meet and confer and request for additional review, the meet and confer period may vary but the Department of Finance shall notify the Successor Agency and the County Auditor-Controller as to the outcome of its review at least fifteen (15) days before the date of property tax distribution; and

**WHEREAS**, this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Section 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

**WHEREAS**, the activity proposed by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines; and

**WHEREAS**, all of the prerequisites with respect to the approval of this Resolution have been met.

**NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency, as follows:

- Section 1.** The foregoing recitals are true and correct and are a substantive part of this Resolution.
- Section 2.** The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any constitutional, legal or equitable rights that the Successor Agency may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of AB 26 or AB 1484, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of AB 26 or AB 1484, and any and all related legal and factual issue, and the Successor Agency expressly reserved any and all rights, privileges, and defenses available under law and equity.
- Section 3.** The Oversight Board hereby approves and adopts the Third ROPS, in substantially the form attached to this Resolution as Exhibit "A," pursuant to Health and Safety Code Sections 34177(l) and 34180(g) of AB 26 as amended by AB 1484.
- Section 4.** As part of the approval of the Third ROPS, the Oversight Board hereby approves the cost to the Successor Agency in the estimated amount of \$40,000 to retain a licensed accountant to perform services pursuant to

an agreement to be entered into by the Successor Agency and the selected accountant relating to preparation of the due diligence review and related actions pursuant to Health and Safety Code Section 34179.5 and such item shall constitute an enforceable obligation of the Successor Agency, pursuant to Health and Safety Code Sections 34171(d)(1)(C), 34171(d)(1)(F), and 34177.3(b) of AB 26 as amended by AB 1484.

**Section 5.** As part of the approval of the Third ROPS, the Oversight Board hereby approves the Successor Agency reentering into the former Redevelopment Agency Reimbursement Agreement with the City of Imperial Beach, dated January 1, 2007, to reimburse the City for administrative and operational costs incurred by the City on behalf of the Successor Agency and such Reimbursement Agreement shall constitute an enforceable obligation of the Successor Agency and such Reimbursement Agreement shall constitute an enforceable obligation of the Successor Agency, pursuant to Health and Safety Code Sections 34171(d)(1)(F), 34178(a), and 34180(h) of AB 26 as amended by AB 1484.

**Section 6.** The Oversight Board has rendered, pursuant to Resolution No. OB-12-08, its determination pursuant to Health and Safety Code Section 34176(g)(1)(B), to wit: that the Housing Authority's designations of the use and commitment of the Excess Housing Bonds Proceeds are consistent with the Housing Bonds covenant obligations, including requirements relating to tax status, and that there are sufficient Excess Housing Bonds Proceeds available for the designated purposes. As part of the approval of the Third ROPS, the Oversight Board hereby acknowledges and agrees that the Housing Authority's designations of the use and commitment of the Excess Housing Bonds Proceeds toward the Clean & Green Program in the approximate amount of \$380,000 and toward the Habitat for Humanity Project in the approximate amount of \$533,000 shall constitute an enforceable obligation of the Successor Agency, pursuant to Health and Safety Code Section 34176(g) of AB 26 as amended by AB 1484.

**Section 7.** As part of the approval of the Third ROPS, the Oversight Board hereby approves the repayment of certain loans/advances made from Low and Moderate Income Housing Tax Increment Funds to pay enforceable obligations approved on the First ROPS and the Second ROPS where the Successor Agency had no other funding sources available to pay said enforceable obligations including, without limitation, payment of the May 2012 debt service payments on Bond Issuances, and such loans/advances shall constitute enforceable obligations of the Successor Agency, pursuant to Health and Safety Code Sections 34171(d)(1)(G) and 34180(a) of AB 26 as amended by AB 1484.

**Section 8.** The Oversight Board hereby directs the Successor Agency to submit copies of the Third ROPS approved by this Resolution as required under AB 26 as amended by AB 1484, in the method required, and in a manner to avoid a late submission or accrual of any penalties. In this regard, The Executive Director, or designee, of the Successor Agency is hereby authorized and directed to: (i) submit the Third ROPS, as approved by the Oversight Board, to the Department of Finance (electronically) and the

County Auditor-Controller no later than September 1, 2012; (ii) submit a copy of the Third ROPS, as approved by the Oversight Board, to the State Controller's Office and post the Third ROPS on the Successor Agency's internet website; and (iii) revise the Third ROPS, and make such changes and amendments as necessary, before official submittal of the Third ROPS to the Department of Finance, in order to complete the Third ROPS in the manner provided by the Department of Finance and to conform the Third ROPS to the form or format as prescribed by the Department of Finance.

**Section 9.** The Executive Director, or designee, of the Successor Agency is hereby authorized and directed to take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution on behalf of the Successor Agency.

**Section 10.** The Oversight Board determines that this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines.

**Section 11.** If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that its board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

**Section 12.** This Resolution shall take effect upon the date of its adoption.

**PASSED, APPROVED, AND ADOPTED** by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency at its meeting held on the 22<sup>nd</sup> day of August 2012, by the following vote:

<b>AYES:</b>	<b>BOARDMEMBERS:</b>
<b>NOES:</b>	<b>BOARDMEMBERS:</b>
<b>ABSENT:</b>	<b>BOARDMEMBERS:</b>

\_\_\_\_\_  
**CHAIRPERSON**

**ATTEST:**

\_\_\_\_\_  
**JACQUELINE M. HALD, MMC**  
**SECRETARY**

**EXHIBIT "A"**

**IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY  
RECOGNIZED OBLIGATION PAYMENT SCHEDULE  
January 1, 2013 through June 30, 2013  
("Third ROPS")**

**Approved on August 22, 2012**

**(See Attachment)**

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE January 1 - June 30, 2013 (ROPS 3)**

	Project Name / Debt Obligation	Payee	Description	Funding	Payments by month						Total
					January	February	March	April	May	June	
<b>Debt Obligations</b>											
1	2003 Tax Allocation Bonds Series A	Wells Fargo Bank	Bond Debt Service pursuant to Health and Safety Code 34171 (d) (1) (A)	RPTTF					\$ 1,020,792		\$1,020,792
2	2010 Tax Allocation Bonds Series	Wells Fargo Bank	Bond Debt Service pursuant to Health and Safety Code 34171 (d) (1) (A)	RPTTF					\$ 655,953		\$655,953
4	2003 Tax Allocation Bonds Series A	Wells Fargo Bank	Bond Debt Service pursuant to Health and Safety Code 34171 (d) (1) (A)	RPTTF					\$518,787		\$518,787
5	2010 Tax Allocation Bonds Series	Wells Fargo Bank	Bond Debt Service pursuant to Health and Safety Code 34171 (d) (1) (A)	RPTTF					\$524,003		\$524,003
6	Housing Loan/Advance to make Bond Payment	Housing Authority	Advance/loaned Housing Deficiency Low Mod Tax Increment Funds loaned/advanced to pay May 2012 Bond Payments. H&S Code Section 34171 (d) (1) (G)	RPTTF	\$ 369,607						\$ 369,607
7	Housing Loan/Advance to pay Enforceable Obligations	Housing Authority	Advance/loaned Housing Deficiency Low Mod Tax Increment Funds loaned/advanced to pay ROPS 1 & 2 enforceable obligations. H&S Code Section 34171 (d) (1) (G)	RPTTF	\$ 872,273						\$ 872,273
8	Housing (HA) Loan/Advance to pay Enforceable Obligations	Housing Authority	Advance/loaned Housing Deficiency Low Mod Tax Increment Funds (HA) loaned/advanced to pay ROPS 1 & 2 enforceable obligations. H&S Code Section 34171 (d) (1) (G)	RPTTF	\$ 822,801						\$ 822,801
<b>Totals - Debt Obligations - This Page</b>					\$ 2,064,681	\$ -	\$ -	\$ -	\$ 2,719,535	\$ -	\$ 4,784,216
<b>Totals - Housing Program Related - Page 2</b>					\$928,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$1,003,000
<b>Totals - RDA Operating - Page 3</b>					\$98,418	\$98,418	\$98,418	\$98,418	\$98,419	\$98,419	\$590,510
<b>Totals - RDA Projects - Page 4</b>					\$300	\$300	\$300	\$300	\$300	\$5,300	\$6,800
<b>Totals - Prior Period ROPS Payments Due- Page 5</b>					\$892,682	\$892,682	\$892,682	\$892,682	\$892,682	\$892,682	\$892,682
<b>Total Enforceable Obligations</b>					\$3,984,081	\$1,006,400	\$1,006,400	\$1,006,400	\$3,725,936	\$1,011,401	\$7,277,208

Note: Where RPTTF funds are not sufficient to pay enforceable obligations, the Successor Agency can use any funds it may have available at the time to make the payment on enforceable obligations.

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE January 1 - June 30, 2013 (ROPS 3)**

	Project Name / Debt Obligation	Payee	Description	Funding	Payments by month						
					January	February	March	April	May	June	Total
<b>Housing Programs</b>											
2	Housing Agreement	Imperial Beach	For provisions of housing costs under CRL pursuant to Health and Safety Code 34171 (d) (3), 34176	RPTTF	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 90,000
44	Clean & Green Program *	Various Contractors/Project Management	Tax Exempt Bond Indenture Project	Low/Mod Excess Housing Bond Proceeds **	\$ 380,000						\$ 380,000
45	Habitat Project *	Habitat P.M. /Project Management	Tax Exempt Bond Indenture Project	Low/Mod Excess Housing Bond Proceeds **	\$ 533,000						\$ 533,000
<b>Totals - This Page</b>					<b>\$928,000</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$1,003,000</b>

\* Pursuant to Health and Safety Code Section 34176(g) of AB 26 as amended by AB 1484, the Housing Authority's designations of the use and commitment of the Excess Housing Bonds Proceeds toward the Clean & Green Program in the amount of \$380,000 and toward the Habitat Project in the amount of \$533,000 (i) are consistent with the 2003 Housing Bonds covenant obligations, including requirements relating to tax status, and (ii) that there are sufficient Excess Housing Bonds Proceeds available for the designated purposes.

\*\* Upon approval amounts to be transferred from Housing Authority to Successor Agency

Project Area(s) All

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE January 1 - June 30, 2013 (ROPS 3)**

	Project Name / Debt Obligation	Payee	Description	Funding	Payments by month						Total
					January	February	March	April	May	June	
<b>RDA Operating</b>											
2	Admin Costs	City of Imperial Beach	Per AB 26 /AB 1484	RPTTF	\$ 45,085	\$ 45,085	\$ 45,085	\$ 45,085	\$ 45,085	\$ 45,085	\$270,510
14	City Service Agreement	City of Imperial Beach	Per AB 26 - Health & Safety Codes Section 34171 (d) (1) (F), 34178 (a), 34180 (h)	RPTTF	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$240,000
17	Legal	McDougal/Kane Balmer	Legal Services provided to SA	RPTTF	\$13,333	\$13,333	\$13,333	\$13,333	\$13,334	\$13,334	\$80,000
<b>Totals - This Page</b>					<b>\$98,418</b>	<b>\$98,418</b>	<b>\$98,418</b>	<b>\$98,418</b>	<b>\$98,419</b>	<b>\$98,419</b>	<b>\$590,510</b>

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE January 1 - June 30, 2013 (ROPS 3)**

	Project Name / Debt Obligation	Payee	Description	Funding	Payments by month							
					January	February	March	April	May	June	Total	
<b>RDA Projects</b>												
15	Hotel Project Requirement	City of Imperial Beach	Fulfillment of Project requirements per DDA	RPTTF							\$5,000	\$5,000
16	Capital Trailer Rental	Bert's	Temp Trailer for Project Management	RPTTF	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$1,800
Totals - This Page					\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 5,300	\$ 6,800

Project Area(s) All

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE January 1 - June 30, 2013 (ROPS 3)**

	Project Name / Debt Obligation	Payee	Description	Funding	Payments by month						
					Jan	Feb	Mar	Apr	May	Jun	Total
<b>Other Reconciling items</b>											
1)	Due Diligence Review *	Lance Soll/Vavrinek Trine/Other	Pursuant to Health and Safety Code Sections 34177.3 (b), 34171 (d) (1) (C), 34171 (d) (1) (F), 34179.5	RPTTF	\$40,000						\$40,000
D-1	2003 Tax Allocation Bonds Series	Wells Fargo Bank	Bond Debt Service	RPTTF	\$533,092						\$533,092
RO-4	RDA Unfunded PERS Liability	City of Imperial Beach	Unfunded Pension Liability as of 1/31/2012. Pursuant to Health and Safety Code Section 34171 (d) (1) (C)	RPTTF	\$319,590						\$319,590
<b>Totals - Other Obligations</b>					<b>\$ 892,682</b>	<b>\$ -</b>	<b>\$ 892,682</b>				

\* Some or all of the funds may be paid to vendor between August 1, 2012 and December 31, 2012.

**REIMBURSEMENT AGREEMENT BY AND BETWEEN THE CITY OF IMPERIAL  
BEACH AND THE IMPERIAL BEACH REDEVELOPMENT AGENCY**

This REIMBURSEMENT AGREEMENT ("Agreement") is effective as of July 1, 2007, by and between the CITY OF IMPERIAL BEACH ("City") and the IMPERIAL BEACH REDEVELOPMENT AGENCY, a public body corporate and politic, duly organized and existing under the laws of the State of California ("Agency") pertaining to the City's advancement of the Agency's annual Administrative Costs incurred by the Agency in the fulfillment, generally, of the Agency's duties under the California Community Redevelopment Law (Health and Safety Code section 33000 et seq.) ("CRL").

**RECITALS**

A. WHEREAS, Chapter 6, Article 1 of the CRL authorizes the Agency to accept financial assistance from any public agency, including but not limited to the City, to assist the Agency in the fulfillment, generally, of the Agency's duties under the CRL; and

B. WHEREAS, since the inception of the Agency, the City has been advancing, the City is currently advancing and the City desires to advance in the future the Agency's annual Administrative Costs to Agency at the beginning of each Fiscal Year in accordance with this Agreement; and

C. WHEREAS, in consideration for the City's advancement of the Agency's annual Administrative Costs, the Agency desires to reimburse the City in accordance with this Agreement, beginning from Fiscal Year 2007;

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, and for other valuable consideration, the receipt of which is hereby acknowledged, the Agency and City hereby agree, as follows:

**DEFINITIONS**

"Administrative Costs" means all reasonable amounts needed to pay for the Agency's overhead, payroll and benefits, insurance, supplies, telephone, copying, fixtures, furniture, equipment, legal accounting, and other professional fees and costs, and other reasonable customary, and lawful administrative expense of the Agency during any Fiscal Year in which the Agency services were provided.

"Available Junior Tax Revenues" means all Tax Revenues received in any Fiscal Year less the following amounts: (1) amounts due and payable with respect to tax-sharing agreements with other jurisdictions entered into by the Agency; (2) amounts due and payable, as required by applicable laws or statutes; (3) amounts owing under owner participation agreements, disposition and development agreements or similar agreements entered into in accordance with the Agency's duties under the CRL; (4) amounts needed to pay debt service, create or replenish reserves, or otherwise required to be paid with respect to bonds issued or other obligations refunding such bonds, in accordance with the CRL, (5) Tax Revenues required to be set aside for low and

moderate income housing pursuant to Sections 33334.2, 33334.3 and 33334.6, et seq., of the CRL, including but not limited to proceeds of bonds; and (6) any other obligations secured by a pledge of Tax Revenues in furtherance of the Agency's obligations under the CRL.

"Fiscal Year" means any twelve (12) month period beginning on July 1st and ending on the following June 30th.

"Tax Revenues" means all taxes annually allocated to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the CRL and Section 16 of Article XVI of the Constitution of the State.

### **TERMS AND CONDITIONS**

1. Recitals and Definitions. The Recitals and Definitions, above, are adopted as true and incorporated herein by this reference.

2. Administrative Costs. The Agency's annual Administrative Costs shall be separately identified in the Agency's Annual Budget for each Fiscal Year until termination of this Agreement.

3. City Advancement. On or before July 1st of each Fiscal Year, the City shall advance the Agency's annual Administrative Costs up to an amount not to exceed ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS AND NO CENTS (\$1,700,000.00) to the Agency in the exact amounts identified in the Agency's Annual Budget, as adopted by the Agency Board and City Council for each respective Fiscal Year ("City's Advancement"), beginning from Fiscal Year 2007.

4. Agency Reimbursement. On or before June 30th of each Fiscal Year ("Reimbursement Payment Date") in which the City's Advancement has been made, the Agency shall reimburse the entire amount of the City's Advancement for that Fiscal Year ("Reimbursement Payment"); provided, however, that the Agency shall have the sole and exclusive right to pledge any Available Junior Tax Revenues to the repayment of other indebtedness incurred by the Agency in carrying out the Agency's duties under the CRL.

5. Interest. Any Reimbursement Payment made to the City after the Reimbursement Payment Date applicable to that Reimbursement Payment shall accrue interest compounded annually at the average portfolio earnings rate of the City of Imperial Beach from the Local Agency Invest Fund (LAIF), on June 30th of each Fiscal Year until paid in full ("Interest"). Reimbursement Payments made to the City pursuant to the terms of this Agreement shall be applied first to the payment of any Interest accrued hereunder, then to reduce the principal balance due.

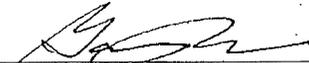
6. Reimbursement as Indebtedness. The obligations of the Agency under this Agreement to reimburse the City's Advancement shall constitute an indebtedness of the Agency within the meaning of Section 33670 et seq. of the CRL.

7. Termination of Services and Reimbursement Obligation. City's obligation to advance the Agency's annual Administrative Costs and the Agency's obligation to make any Reimbursement Payment shall terminate upon the expiration and/or termination of the Agency's powers to administer its duties under the CRL, however if such expiration or termination occurs prior to the date the Reimbursement Payment for that Fiscal Year has been paid to the City by the Agency, the total Reimbursement Payment for such Fiscal Year shall be immediately due and owing prior to the final expiration or termination date of the Agency's powers to administer its duties under the CRL.

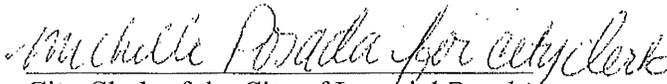
8. No Pledge of Tax Revenues. Nothing herein shall be interpreted or construed as a pledge of Tax Revenues to secure payment of any Reimbursement Payment or accrued Interest. The Agency may, in its sole and absolute discretion, use any lawful source of revenue to make any Reimbursement Payment and/or accrued Interest in accordance with this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement.

CITY OF IMPERIAL BEACH

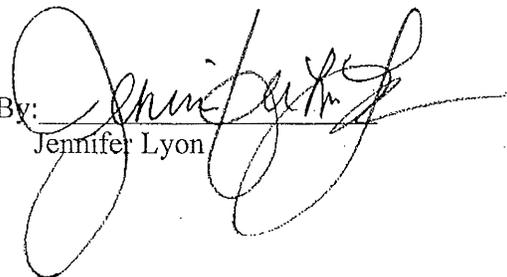
By:   
Its: City Manager

ATTEST:

  
City Clerk of the City of Imperial Beach

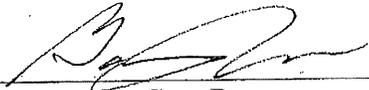
APPROVED AS TO FORM  
AND LEGALITY

City Attorney

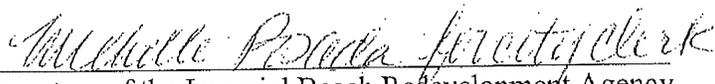
By:   
Jennifer Lyon

**SIGNATURES CONTINUE ON NEXT PAGE**

IMPERIAL BEACH REDEVELOPMENT  
AGENCY

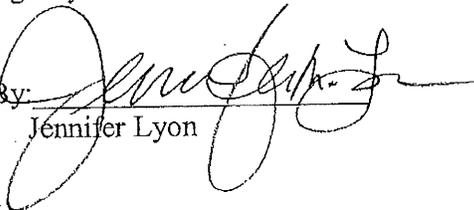
By:   
Gary Brown  
Executive Director

ATTEST:

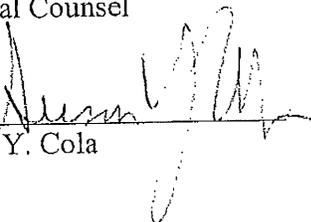
  
Secretary of the Imperial Beach Redevelopment Agency

APPROVED AS TO FORM  
AND LEGALITY

Agency General Counsel

By:   
Jennifer Lyon

KANE, BALLMER & BERKMAN  
Agency Special Counsel

By:   
Susan Y. Cola

## RESOLUTION NO. SA-12-13

**A RESOLUTION OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY ADOPTING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JANUARY 1, 2013 THROUGH JUNE 30, 2013**

**WHEREAS**, the Imperial Beach Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Imperial Beach ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

**WHEREAS**, the City Council has adopted redevelopment plans for Imperial Beach's redevelopment project areas, and from time to time, the City Council has amended such redevelopment plans; and

**WHEREAS**, the Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

**WHEREAS**, AB x1 26 ("AB 26") and AB x1 27 ("AB 27") were signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law, including adding Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the California Health and Safety Code ("Health and Safety Code"); and

**WHEREAS**, the California Redevelopment Association and League of California Cities filed a lawsuit in the Supreme Court of California (*California Redevelopment Association, et al. v. Matosantos, et al.*, Case No. S194861) alleging that AB 26 and AB 27 were unconstitutional; and

**WHEREAS**, on December 29, 2011, the Supreme Court issued its opinion in the *Matosantos* case largely upholding as constitutional AB 26, invalidating as unconstitutional AB 27, and holding that AB 26 may be severed from AB 27 and enforced independently; and

**WHEREAS**, the Supreme Court generally reformed and revised the effective dates and deadlines for performance of obligations under Health and Safety Code Part 1.85 of AB 26 arising before May 1, 2012 to take effect four months later, while leaving the effective dates or deadlines for performance of obligations under Health and Safety Code Part 1.8 of AB 26 unchanged; and

**WHEREAS**, as a result of the Supreme Court's decision, and on February 1, 2012, all California redevelopment agencies were dissolved, successor agencies were established as successor agencies to the former redevelopment agencies pursuant to Health and Safety Code Section 34173, and successor agencies are tasked with paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and winding down the affairs of the former redevelopment agencies; and

**WHEREAS**, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

**WHEREAS**, as part of the FY 2012-2013 State budget package, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 is to make technical and substantive

amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies; and

**WHEREAS**, Health and Safety Code Section 34179 of AB 26 as amended by AB 1484 establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the "oversight board." The oversight board has been established for the Successor Agency (hereinafter referred to as the "Oversight Board") and all seven (7) members have been appointed to the Oversight Board pursuant to Section 34179. The duties and responsibilities of the Oversight Board are set forth in Health and Safety Code Sections 34179 through 34181 of AB 26 as amended by AB 1484; and

**WHEREAS**, pursuant to Health and Safety Code Section 34177 of AB 26, the Successor Agency (i) prepared its draft Recognized Obligation Payment Schedule ("ROPS") by March 1, 2012, (ii) adopted the draft ROPS on February 15, 2012 for the period ending June 30, 2012, as modified administratively by the Executive Director, (iii) submitted the draft ROPS to the State of California Controller's Office and the State of California Department of Finance by April 15, 2012 for the period of January 1, 2012 through June 30, 2012, (iv) amended the draft ROPS as the first ROPS for submission to the State Controller's Office and the Department of Finance by April 15, 2012 and revised the ROPS to reflect the time period of January 1, 2012 through June 30, 2012, and (v) adopted the second ROPS covering the period from July 1, 2012 through December 31, 2012; and

**WHEREAS**, pursuant to Health and Safety Code Section 34177(m) of AB 26 as amended by AB 1484, the Successor Agency is required to submit the third ROPS for the period of January 1, 2013 through June 30, 2013, after its approval by the Oversight Board, to the Department of Finance and the County Auditor-Controller no later than September 1, 2012; and

**WHEREAS**, the third ROPS covering the period from January 1, 2013 through June 30, 2013 is attached to this Resolution as Exhibit "A"; and

**WHEREAS**, if adopted by the Successor Agency, the third ROPS shall thereafter be submitted to the Oversight Board for review and approval. In this regard, Health and Safety Code Section 34177(l)(2)(B) of AB 26 as amended by AB 1484 requires the Successor Agency to submit a copy of the third ROPS to the County Administrative Officer, the County Auditor-Controller, and the Department of Finance at the same time that the Successor Agency submits the third ROPS to the Oversight Board for approval; and

**WHEREAS**, pursuant to Health and Safety Code Section 34177(l)(2)(C) of AB 26, a copy of the approved third ROPS shall be submitted to the County Auditor-Controller and both the State Controller's Office and the Department of Finance and shall be posted on the Successor Agency's internet website; and

**WHEREAS**, pursuant to Health and Safety Code Section 34177(m)(1) of AB 26 as amended by AB 1484, the Successor Agency shall submit a copy of the third ROPS to the Department of Finance electronically and the Successor Agency shall complete the third ROPS in the manner provided by the Department of Finance; and

**WHEREAS**, pursuant to Health and Safety Code Section 34183(a)(2) of AB 26 as amended by AB 1484, the County is required to make a payment of property tax revenues (i.e. former tax increment funds) to the Successor Agency by January 2, 2013 for payments to be made toward recognized obligations listed on the third ROPS for the period of January 1, 2013 through June 30, 2013; and

**WHEREAS**, pursuant to Health and Safety Code Section 34177(l)(3) of AB 26 as amended by AB 1484, the ROPS shall be forward looking to the next six (6) months; and

**WHEREAS**, according to Health and Safety Code Section 34177(l)(1) of AB 26 as amended by AB 1484, for each recognized obligation, the ROPS shall identify one or more of the following sources of payment: (i) Low and Moderate Income Housing Funds, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by the provisions of Part 1.85 of AB 26 as amended by AB 1484, and (vi) other revenue sources, including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former Redevelopment Agency as approved by the Oversight Board in accordance with Part 1.85 of AB 26 as amended by AB 1484; and

**WHEREAS**, it is the intent of AB 26 as amended by AB 1484 that the ROPS serve as the designated reporting mechanism for disclosing the Successor Agency's bi-annual payment obligations by amount and source and that the County Auditor-Controller will be responsible for ensuring that the Successor Agency receives revenues sufficient to meet the requirements of the ROPS during each bi-annual period; and

**WHEREAS**, notwithstanding the provisions of Health and Safety Code Section 34177(a)(1) of AB 26 as amended by AB 1484, agreements between the City and the Redevelopment Agency have been included in the ROPS because, among other things, they have been validated by operation of law prior to the Governor's signature of AB 26 on June 28, 2011; and

**WHEREAS**, the proposed third ROPS attached to this Resolution as Exhibit "A" is consistent with the requirements of the Health and Safety Code and other applicable law; and

**WHEREAS**, this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

**WHEREAS**, this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines; and

**WHEREAS**, all of the prerequisites with respect to the approval of this Resolution have been met.

**NOW, THEREFORE, BE IT RESOLVED** by the Imperial Beach Redevelopment Agency Successor Agency, as follows:

- Section 1.** The foregoing recitals are true and correct and are a substantive part of this Resolution.
- Section 2.** The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any rights the Successor Agency may have to challenge the effectiveness and/or legality of all or any portion of AB X1 26 or AB 1484 through administrative or judicial proceedings.
- Section 3.** The Successor Agency's third ROPS, which is attached hereto as Exhibit "A", is approved and adopted. In connection with Item #14 listed on Page 3 of the ROPS, the Successor Agency approves the Successor Agency to reenter into the former Redevelopment Agency Reimbursement Agreement with the City of Imperial Beach, dated January 1, 2007, to reimburse the City for administrative and operational costs incurred by the City on behalf of the Successor Agency.
- Section 4.** The Executive Director, or designee, is hereby authorized and directed to: (i) provide the third ROPS to the Oversight Board for review and approval and concurrently submit a copy of the third ROPS to the County Administrative Officer, the County Auditor-Controller, and the Department of Finance; (ii) submit the third ROPS, as approved by the Oversight Board, to the Department of Finance (electronically) and the County Auditor-Controller no later than September 1, 2012; (iii) submit a copy of the third ROPS, as approved by the Oversight Board, to the State Controller's Office and post the third ROPS on the Successor Agency's internet website; (iv) revise the third ROPS, and make such changes and amendments as necessary, before official submittal of the third ROPS to the Department of Finance, in order to complete the third ROPS in the manner provided by the Department of Finance and to conform the third ROPS to the form or format as prescribed by the Department of Finance; and (v) take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution on behalf of the Successor Agency.
- Section 5.** The Successor Agency determines that this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines.
- Section 6.** This Resolution shall take effect upon the date of its adoption.
- Section 7.** The Executive Director, or designee, is hereby authorized to make such non-substantive changes and amendments to the third ROPS as may be approved by the Executive Director of the Successor Agency and its legal counsel.

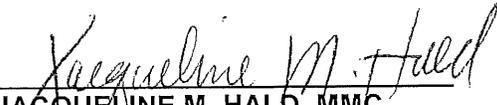
**Section 8.** The Executive Director, or designee, is hereby authorized to revise the third ROPS, and make such changes and amendments as necessary, before official submittal of the third ROPS to the Department of Finance, in order to complete the third ROPS in the manner provided by the Department of Finance and to conform the third ROPS to the form or format as prescribed by the Department of Finance.

**PASSED, APPROVED, AND ADOPTED** by the Imperial Beach Redevelopment Agency Successor Agency at its meeting held on the 1<sup>st</sup> day of August 2012, by the following vote:

<b>AYES:</b>	<b>BOARD MEMBERS:</b>	<b>BILBRAY, KING, BRAGG, SPRIGGS, JANNEY</b>
<b>NOES:</b>	<b>BOARD MEMBERS:</b>	<b>NONE</b>
<b>ABSENT:</b>	<b>BOARD MEMBERS:</b>	<b>NONE</b>

  
\_\_\_\_\_  
**JAMES C. JANNEY**  
**CHAIRPERSON**

**ATTEST:**

  
\_\_\_\_\_  
**JACQUELINE M. HALD, MMC**  
**SECRETARY**

**EXHIBIT "A"**

**IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY  
RECOGNIZED OBLIGATION PAYMENT SCHEDULE  
January 1, 2013 through June 30, 2013  
("Third ROPS")**

**Approved on August 1, 2012**

**(See Attachment)**

Name of Redevelopment Agency: Imperial Beach Redevelopment Agency  
 Project Area(s) All

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE January 1 - June 30, 2013 (ROPS 3)**

	Project Name / Debt Obligation	Payee	Description	Funding	Payments by month						
					January	February	March	April	May	June	Total
<b>Debt Obligations</b>											
1	2003 Tax Allocation Bonds Series A	Wells Fargo Bank	Bond Debt Service pursuant to Health and Safety Code 34171 (d) (1) (A)	RPTTF					\$ 1,020,792	\$1,020,792	
2	2010 Tax Allocation Bonds Series	Wells Fargo Bank	Bond Debt Service pursuant to Health and Safety Code 34171 (d) (1) (A)	RPTTF					\$ 655,953	\$655,953	
4	2003 Tax Allocation Bonds Series A	Wells Fargo Bank	Bond Debt Service pursuant to Health and Safety Code 34171 (d) (1) (A)	RPTTF					\$518,787	\$518,787	
5	2010 Tax Allocation Bonds Series	Wells Fargo Bank	Bond Debt Service pursuant to Health and Safety Code 34171 (d) (1) (A)	RPTTF					\$524,003	\$524,003	
6	Housing Loan/Advance to make Bond Payment	Housing Authority	Advance/loaned Housing Deficiency Low Mod Tax Increment Funds loaned/advanced to pay May 2012 Bond Payments. H&S Code Section 34171 (d) (1) (G)	RPTTF	\$ 369,607					\$ 369,607	
7	Housing Loan/Advance to pay Enforceable Obligations	Housing Authority	Advance/loaned Housing Deficiency Low Mod Tax Increment Funds loaned/advanced to pay ROPS 1 & 2 enforceable obligations. H&S Code Section 34171 (d) (1) (G)	RPTTF	\$ 872,273					\$ 872,273	
8	Housing (HA) Loan/Advance to pay Enforceable Obligations	Housing Authority	Advance/loaned Housing Deficiency Low Mod Tax Increment Funds (HA) loaned/advanced to pay ROPS 1 & 2 enforceable obligations. H&S Code Section 34171 (d) (1) (G)	RPTTF	\$ 822,801					\$ 822,801	
<b>Totals - Debt Obligations - This Page</b>					\$ 2,064,681	\$ -	\$ -	\$ -	\$ 2,719,535	\$ -	\$ 4,784,216
<b>Totals - Housing Program Related - Page 2</b>					\$928,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$1,003,000
<b>Totals - RDA Operating - Page 3</b>					\$98,418	\$98,418	\$98,418	\$98,418	\$98,419	\$98,419	\$590,510
<b>Totals - RDA Projects - Page 4</b>					\$300	\$300	\$300	\$300	\$300	\$5,300	\$6,800
<b>Totals - Prior Period ROPS Payments Due- Page 5</b>					\$892,682	\$892,682	\$892,682	\$892,682	\$892,682	\$892,682	\$892,682
<b>Total Enforceable Obligations</b>					\$3,984,081	\$1,006,400	\$1,006,400	\$1,006,400	\$3,725,936	\$1,011,401	\$7,277,208

Note: Where RPTTF funds are not sufficient to pay enforceable obligations, the Successor Agency can use any funds it may have available at the time to make the payment on enforceable obligations.

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE January 1 - June 30, 2013 (ROPS 3)**

	Project Name / Debt Obl	Payee	Description	Funding	Payments by month						Total
					January	February	March	April	May	June	
<b>Housing Programs</b>											
2	Housing Agreement	Imperial Beach	For provisions of housing costs under CRL pursuant to Health and Safety Code 34171 (d) (3), 34176	RPTTF	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 90,000
44	Clean & Green Program *	Various Contractors/Project Management	Tax Exempt Bond Indenture Project	Low/Mod Excess Housing Bond Proceeds **	\$ 380,000						\$ 380,000
45	Habitat Project *	Habitat P.M. /Project Management	Tax Exempt Bond Indenture Project	Low/Mod Excess Housing Bond Proceeds **	\$ 533,000						\$ 533,000
<b>Totals - This Page</b>					\$928,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$1,003,000
<p>* Pursuant to Health and Safety Code Section 34176(g) of AB 26 as amended by AB 1484, the Housing Authority's designations of the use and commitment of the Excess Housing Bonds Proceeds toward the Clean &amp; Green Program in the amount of \$380,000 and toward the Habitat Project in the amount of \$533,000 (i) are consistent with the 2003 Housing Bonds covenant obligations, including requirements relating to tax status, and (ii) that there are sufficient Excess Housing Bonds Proceeds available for the designated purposes.</p> <p>** Upon approval amounts to be transferred from Housing Authority to Successor Agency</p>											

Name of Redevelopment Agency: Imperial Beach Redevelopment Agency  
 Project Area(s) All

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE January 1 - June 30, 2013 (ROPS 3)**

	Project Name / Debt Obligation	Payee	Description	Funding	Payments by month						Total
					January	February	March	April	May	June	
<b>RDA Operating</b>											
2	Admin Costs	City of Imperial Beach	Per AB 26 /AB 1484	RPTTF	\$ 45,085	\$ 45,085	\$ 45,085	\$ 45,085	\$ 45,085	\$ 45,085	\$270,510
14	City Service Agreement	City of Imperial Beach	Per AB 26 - Health & Safety Codes Section 34171 (d) (1) (F), 34178 (a), 34180 (h)	RPTTF	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$240,000
17	Legal	McDougal/Kane Balmer	Legal Services provided to SA	RPTTF	\$13,333	\$13,333	\$13,333	\$13,333	\$13,334	\$13,334	\$80,000
Totals - This Page					\$98,418	\$98,418	\$98,418	\$98,418	\$98,419	\$98,419	\$590,510

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE January 1 - June 30, 2013 (ROPS 3)**

	Project Name / Debt Obligation	Payee	Description	Funding	Payments by month						Total
					January	February	March	April	May	June	
<b>RDA Projects</b>											
15	Hotel Project Requirement	City of Imperial Beach	Fulfillment of Project requirements per DDA	RPTTF						\$5,000	\$5,000
16	Capital Trailer Rental	Bert's	Temp Trailer for Project Management	RPTTF	\$300	\$300	\$300	\$300	\$300	\$300	\$1,800
Totals - This Page					\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 5,300	\$ 6,800

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE January 1 - June 30, 2013 (ROPS 3)**

Project Name / Debt Obligation Payee	Description	Funding	Payments by month						Total
			Jan	Feb	Mar	Apr	May	Jun	
<b>Other Reconciling items</b>									
1) Due Diligence Review *	Lance Soll/Vavrinek Trine/Other	Pursuant to Health and Safety Code Sections 34177.3 (b), 34171 (d) (1) (C), 34171 (d) (1) (F), 34179.5	RPTTF	\$40,000					\$40,000
D-1 2003 Tax Allocation Bonds Serie	Wells Fargo Bank	Bond Debt Service	RPTTF	\$533,092					\$533,092
RO-4 RDA Unfunded PERS Liability	City of Imperial Beach	Unfunded Pension Liability as of 1/31/2012. Pursuant to Health and Safety Code Section 34171 (d) (1) (C)	RPTTF	\$319,590					\$319,590
<b>Totals - Other Obligations</b>				<b>\$ 892,682</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 892,682</b>
* Some or all of the funds may be paid to vendor between August 1, 2012 and December 31, 2012.									