

RESOLUTION NO. OB-2013-17

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE CITY OF CATHEDRAL CITY APPROVING A LOAN AGREEMENT BETWEEN THE CITY AND SUCCESSOR AGENCY UNDER HEALTH & SAFETY CODE SECTION 34173(H)

WHEREAS, in accord with the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000, et seq. (“**CRL**”), the City Council of the City of Cathedral City (“**City**”) previously established the Redevelopment Agency of the City of Cathedral City, a public body, corporate and politic (“**Agency**”) to carry out the purposes of and exercise the powers granted to community redevelopment agencies under the CRL; and

WHEREAS, on February 1, 2012, the Agency was dissolved pursuant to Assembly Bill 1X26 (Stats. 2011, 1st Ex. Sess., Ch. 5) (“**AB 26**”), and its rights, powers, duties and obligations were transferred to a “successor agency” (as defined by CRL Section 34171(j) and Section 34173); and

WHEREAS, the City Council elected to act as the Agency’s successor agency (“**Successor Agency**”) under CRL Section 34173; and

WHEREAS, with the Oversight Board’s approval, CRL section 34173(h) permits the City to loan the Successor Agency funds to pay the Successor Agency’s administrative costs, enforceable obligations, and project-related expenses; and

WHEREAS, the Successor Agency received an insufficient distribution from the Redevelopment Property Tax Trust Fund (established pursuant to CRL Section 34170.5 and administered by the County Auditor-Controller in accord with CRL Sections 34182 and 34183) maintained by the Riverside County Auditor-Controller (“**RPTTF**”) to fully fund Oversight Board and California Department of Finance (“**DOF**”) approved enforceable obligations, administrative costs, and project related expenses identified on its Recognized Obligation Payment Schedule for the period of July 1, 2013 through December 31, 2013 as adopted by Oversight Board Resolution No. OB-2013-14 on 02/28/2013 (“**ROPS 13-14A**”); and

WHEREAS, the City and the Successor Agency have prepared a **Loan Agreement** (a copy of which is attached as Exhibit A) providing for a loan from the City to the Successor Agency in the amount of Three hundred twenty-four thousand, two hundred eighty-six dollars (\$324,286); and

WHEREAS, the Successor Agency has transmitted the Loan Agreement electronically to the County Administrative Officer, County Auditor-Controller, and the State Department of Finance.

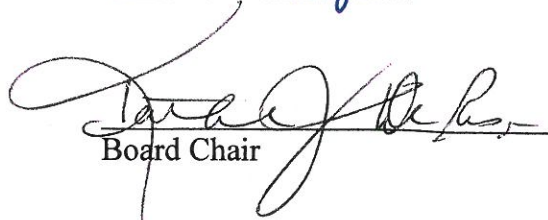
NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF CATHEDRAL CITY AS FOLLOWS:

Section 1. In accord with CRL Section 34173(h), the Oversight Board approves the Loan Agreement, in the form attached as Exhibit A.

Section 2. The Oversight Board directs the City Manager or designee to (a) transmit the Oversight Board-approved Resolution and Loan Agreement to the County Auditor-Controller, the State Controller's Office, and the State Department of Finance, or alternatively, to provide notice of the Oversight Board's approval to those entities, together with City's website address, and (b) post the Loan Agreement to the City's website.

Section 3. This Resolution will become effective in accord with CRL Section 34177(m) and Section 34179(h).

APPROVED AND ADOPTED this 15 day of August, 2013.


Board Chair

ATTEST:


Deputy City Clerk as Secretary
Cathedral City Oversight Board

I, Jim L. SHERMAN, Deputy City Clerk of the City of Cathedral City, do hereby certify that the foregoing Resolution No. 08-2013-17 was duly and regularly passed and adopted by the Oversight Board at a meeting thereof held on the 15 day of August, 2013, and that the foregoing is a full, true and correct copy of said Resolution.

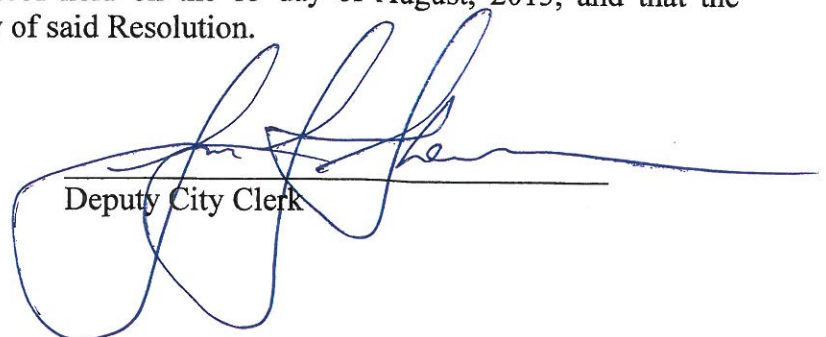

Deputy City Clerk

EXHIBIT A

Loan Agreement for Enforceable Obligations, Administrative Costs and Project-Related Expenses (For the Period July 1, 2013 – December 31, 2013, ROPS 13/14A)

(attached behind this cover sheet)

Exhibit A

LOAN AGREEMENT FOR ENFORCEABLE OBLIGATIONS, ADMINISTRATIVE COSTS AND PROJECT-RELATED EXPENSES (FOR THE PERIOD JULY 1, 2013 – DECEMBER 31, 2013, ROPS 13/14A)

ARTICLE I.

PARTIES AND EFFECTIVE DATE

1.1 Parties. This Loan Agreement for Enforceable Obligations, Administrative Costs and Project-Related Expenses (For the Period July 1, 2013 – December 31, 2013, ROPS 13/14A) (“Agreement”) is reference dated as of August 14, 2013. This Agreement is entered into between (1) the City of Cathedral City, a California general law city and municipal corporation (“City”) and (2) The Successor Agency to the Redevelopment Agency of the City of Cathedral City, formed and existing in accord with Section 34173 of the California Community Redevelopment Law (“CRL”) (Health & Safety Code Section 33000, *et seq.*) (“Successor Agency”).

1.2 Effective Date. This Agreement will not become effective until the date (“Effective Date”) all of the following have occurred:

A. This Agreement has been approved by the City Council as the City’s governing body and by the City Council as the Successor Agency’s governing board and has been executed by the City’s and the Successor Agency’s authorized officials.

B. This Agreement has been approved by the Successor Agency’s oversight board (“Oversight Board”) formed in accord with CRL Section 34179.

C. As provided in CRL Section 34179(h), five (5) business days have elapsed since notice of the Oversight Board’s action approving this Agreement was provided to the State Department of Finance (“DOF”), unless the DOF requests to review the Oversight Board’s action, in which case this paragraph C will be deemed satisfied upon the DOF’s approval of the Oversight Board’s action.

ARTICLE II.

RECITALS

2.1 Under the provisions of the CRL, the City Council of the City of Cathedral City previously established the Redevelopment Agency of the City of Cathedral City, a public body, corporate and politic (“Agency”), to carry out the purposes of and exercise the powers granted to community redevelopment agencies under the CRL.

2.2 On February 1, 2012, the Agency was dissolved by operation of Assembly Bill 1X26 (Stats. 2011, 1st Ex. Sess., Ch. 5) (“AB 26”), and its rights, powers, duties and obligations

were transferred to a “successor agency” (as defined in CRL Section 34171(j) and Section 34173).

2.3 As provided by AB 26, the City Council took official action electing to become the Agency’s successor agency (“Successor Agency”) under CRL Section 34173.

2.4 On or about June 27, 2012, the provisions of Assembly Bill 1484 (“AB 1484”) became law. AB 1484 modified the CRL and AB 26 in various ways. As used herein, the term “CRL” means Health & Safety Code Section 33000, *et seq.*, as modified by AB 26 and AB 1484. Specific terms used and not otherwise defined in this Agreement will have the meanings given to those terms in the CRL.

2.5 CRL Section 34173(h) permits the City, as the former Agency’s creating authority, to loan or grant funds to the Successor Agency to pay for enforceable obligations, administrative costs, and project-related expenses.

2.6 The Successor Agency received an insufficient distribution from the Redevelopment Property Tax Trust Fund (established pursuant to CRL Section 34170.5 and administered by the County Auditor-Controller in accord with CRL Sections 34182 and 34183) maintained by the Riverside County Auditor-Controller (“RPTTF”) to fully fund Oversight Board and DOF approved enforceable obligations, administrative costs, and project related expenses identified on its Recognized Obligation Payment Schedule for the period of July 1, 2013 through December 31, 2013 as adopted by Oversight Board Resolution No. OB-2013-14 adopted on 02/28/2013 (“ROPS 13-14A”).

2.7 The Successor Agency has requested that the City loan it the principal sum of three hundred twenty-four thousand, two hundred eighty-six dollars (\$324,286) (“Loan”) so that the Successor Agency may pay its enforceable obligations, administrative costs and project-related expenses set forth in the ROPS 13/14A. The City is willing to make the Loan under the authority of CRL Section 34173(h) on the terms set forth in this Agreement.

ARTICLE III.

TERMS

3.1 Loan Agreement. The City agrees to disburse the Loan to the Successor Agency upon the Successor Agency’s request. The Loan will be disbursed to the Successor Agency to be held in its accounts and may be used to pay any of the Successor Agency’s enforceable obligations, administrative costs and project-related expenses set forth in the ROPS 13/14A.

3.2 Interest and Repayment Terms. All disbursed and outstanding Loan amounts will accrue interest at the rate earned by funds deposited by the City into the Local Agency Investment Fund, as it may be adjusted from time-to-time (“LAIF Rate”), from the date of disbursement until fully repaid. The Loan will be repaid in two (2) installments, with the first (1st) installment due no later than February 15, 2014 and the second (2nd) installment due no later than July 1, 2014 (“Maturity Date”). The amount of the first (1st) payment will be equal to the sum of one-half (1/2) of the Loan plus interest accrued through the date of payment. The amount

of the second (2nd) payment will be equal to the then current unpaid balance of the Loan plus all accrued and unpaid interest through the date of payment.

3.3 Inclusion on Recognized Obligation Payment Schedule.

A. The Successor Agency will identify this Agreement as an enforceable obligation under CRL 34173(h) on the Recognized Obligation Payment Schedule to be submitted by the Successor Agency to the Department of Finance for the period covering January 1, 2014 through June 30, 2014 ("ROPS 13/14B"). The Successor Agency will request an allocation of property taxes from the "RPTTF on the ROPS 13/14B and each subsequent Recognized Obligation Payment Schedule ("ROPS") covering any fiscal period in which the Successor Agency has a Loan repayment obligation under this Agreement. If, for any reason whatsoever, the Successor Agency does not receive sufficient allocations of property taxes from the RPTTF so as to fully repay the Loan and accrued interest on or before the Maturity Date, the Successor Agency will continue to make allocation requests on all subsequent ROPS until the Loan and all accrued interest has been fully repaid. The amount of each allocation request will be equal to the sum of the Successor Agency's repayment obligation arising during the period covered by the ROPS plus the remaining balance (if any) of any repayment due during a prior ROPS period which was not fully paid.

B. The Successor Agency will prepare each ROPS as required by the CRL and submit it to the Oversight Board and such other governmental agencies as the CRL may require from time-to-time. The Successor Agency will take all other actions as required by the CRL or other applicable authority to ensure that the Successor Agency receives an allocation of taxes from RPTTF in the amounts necessary to satisfy the Successor Agency's payment obligations under this Agreement.

3.4 Amendment or Modification. This Agreement and the Successor Agency's obligations under it may be amended or modified only in the following ways:

A. By the mutual written agreement of the City and the Successor Agency, following all notices, hearings and approvals required by then-applicable provisions of the CRL and other legal authority.

B. As required to conform to future changes in the CRL, other applicable legal authority, or pursuant to an order or judgment of a court of competent jurisdiction.

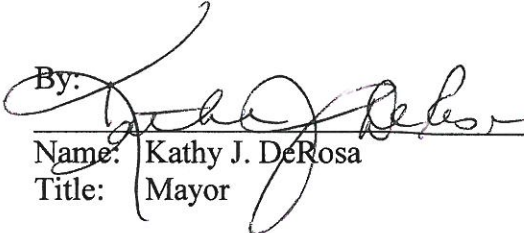
3.5 No Other Successor Agency Income or Assets Subject to Repayment Obligation. No funds or other assets of the Successor Agency other than property tax allocations from the RPTTF may be used for the repayment of the Successor Agency's obligations under this Agreement.

3.6 Remedies for Breach. If the Successor Agency fails for any reason whatsoever to fulfill its obligations under this Agreement, and regardless of whether the Maturity Date has passed, the City may, without notice or demand, accelerate all payments to become due under this Agreement and declare the entirety of the unpaid Loan principal and accrued interest immediately due and payable.

**SIGNATURE PAGE TO
LOAN AGREEMENT FOR ENFORCEABLE OBLIGATIONS,
PROJECT-RELATED ADMINISTRATIVE COSTS AND EXPENSES
(FOR THE PERIOD JULY 1, 2013 – DECEMBER 31, 2013, ROPS 13/14A)**

CITY

**City of Cathedral City, a California general law
city and municipal corporation**

By: 

Name: Kathy J. DeRosa
Title: Mayor

ATTEST:


Deputy City Clerk, Secretary
Cathedral City Oversight Board

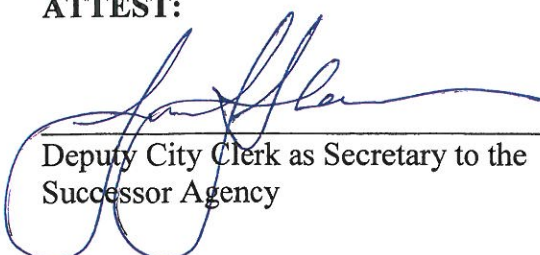
SUCCESSOR AGENCY

**The Successor Agency to the Redevelopment
Agency of the City of Cathedral City, a public
entity created and existing under the authority of
CRL Section 34173**

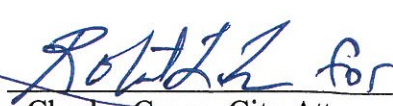
By: 

Name: City Manager

ATTEST:


Deputy City Clerk as Secretary to the
Successor Agency

APPROVED AS TO FORM:

By: 

Charles Green, City Attorney
Successor Agency Counsel