



Successor Agency
of the Scotts Valley
Redevelopment Agency

AGENDA

Meeting of the
**Successor Agency of the
Scotts Valley Redevelopment Agency**

Date: January 16, 2013

Time: 6:00 p.m.

<p>SUCCESSOR AGENCY OF THE SCOTTS VALLEY REDEVELOPMENT AGENCY 1 Civic Center Drive Scotts Valley, CA 95066 (831) 440-5602</p>	<p>MEETING LOCATION Scotts Valley City Council Chambers 1 Civic Center Drive Scotts Valley, CA 95066</p>
<p>OFFICIALS Randy Johnson, Chair Jim Reed, Vice Chair Stephany E. Aguilar, Board Member Dene Bustichi, Board Member Donna Lind, Board Member</p>	<p>POSTING The agenda was posted 1-11-13 at City Hall, Scotts Valley Senior Center, Scotts Valley Library and on the Internet at www.scottsvalley.org.</p>

Notice regarding Successor Agency of the Scotts Valley Redevelopment Agency Meetings:

The Successor Agency Board of Directors of the Scotts Valley Redevelopment Agency meets regularly on the 1st and 3rd Wednesday of each month, immediately following the Scotts Valley City Council meeting, which begins at 6:00 pm in the City Hall Council Chambers located at 1 Civic Center Drive, Scotts Valley, CA 95066.

Agenda and Agenda Packet Materials:

The Successor Agency of the Scotts Valley Redevelopment Agency agenda and the complete agenda packet are available for review by 5:00 pm the Friday before the Wednesday meeting on the Internet at the City's website: www.scottsvalley.org and in the lobby of City Hall at 1 Civic Center Drive, Scotts Valley, CA. Pursuant to Government Code §54957.5, materials related to an agenda item, submitted after distribution of the agenda packet, are available for public inspection in the lobby of City Hall during normal business hours, Monday-Friday, 8am-12 pm and 1-5 pm. In accordance with AB 1344, such documents will be posted on the City's website at www.scottsvalley.org.

Televised Meetings:

The Successor Agency of the Scotts Valley Redevelopment Agency Board meetings are cablecast "Live" on Community Television of Santa Cruz County on Comcast Channel 25.

CALL TO ORDER 6:00 p.m.

ROLL CALL

PUBLIC COMMENT TIME

(This is the opportunity for individuals to make and/or submit written or oral comments to the Board on any items within the purview of the Board, which are **NOT** part of the Agenda. No action on the item may be taken, but the Board may request the matter be placed on a future agenda.)

ALTERATIONS TO CONSENT AGENDA

(Board can remove or add items to the Consent Agenda.)

CONSENT AGENDA

(The Consent Agenda is comprised of items which appear to be non-controversial. Persons wishing to speak on any item may do so by raising their hand to be recognized by the Chair.)

- A. Approve Successor Agency Board meeting minutes of 8-15-12

ALTERATIONS TO REGULAR AGENDA

(Board can remove or add items to the Regular Agenda.)

REGULAR AGENDA

(Persons wishing to speak on any item may do so by raising their hand to be recognized by the Chair.)

1. Consider approval of Resolution No. SA-8 approving loan agreement between the successor Agency of the Scotts Valley Redevelopment Agency and the City of Scotts Valley under Health and Safety Code Section 34173(h) for AB 1484 authorized enforceable obligations and administrative expenditures (CityManager/Ando)

2. Future Board agenda items
(This portion of the Regular Agenda allows the Successor Agency to determine items to be placed on a future agenda and to choose a date, if so desired.)

ADJOURNMENT

The Successor Agency of the Scotts Valley Redevelopment Agency does not discriminate against persons with disabilities. The Scotts Valley City Council Chambers is an accessible facility. If you wish to attend a Board meeting and require assistance such as sign language, a translator, or other special assistance or devices in order to attend and participate at the meeting, please call the Secretary's office at (831) 440-5602 five to seven days in advance of the meeting to make arrangements for assistance. If you require the agenda of a Board meeting be available in an alternative format consistent with a specific disability, please call the Secretary's Office. The California State Relay Service (TDD to voice: 1-800-735-2929, voice to TDD: 1-800-735-2922), provides Telecommunications Devices for the Deaf and will provide a link between the TDD caller and users of telephone equipment.

PROCEDURAL INFORMATION FOR THE PUBLIC

THE FOLLOWING IS THE PROCEDURE BOARD SHOULD TAKE IN APPROVAL OF A RESOLUTION:

1. Move the Resolution number for approval.
2. Second the motion.
3. Vote by body, a roll call vote is not required.

THE FOLLOWING IS THE PROCEDURE BOARD SHOULD TAKE IN INTRODUCTION/ADOPTION OF AN ORDINANCE:

1. Move the Ordinance number for introduction (or adoption).
2. Move the Ordinance be introduced by title only and waive the reading of the text.
3. Read the Ordinance title.
4. Second the motion.
5. Vote by body, a roll call vote is not required.

THE FOLLOWING IS THE PROCEDURE BOARD SHOULD TAKE IN PUBLIC COMMENT/PUBLIC HEARINGS:

Unless otherwise determined by the presiding officer of the meeting:

1. Three minutes allowed per individual to speak.
2. Five minutes allowed per individual representing a group of three or more.



The Successor Agency of the Scotts Valley Redevelopment Agency does not discriminate against persons with disabilities. The Scotts Valley City Council Chambers is an accessible facility. If you wish to attend a Board meeting and require assistance such as sign language, a translator, or other special assistance or devices in order to attend and participate at the meeting, please call the Secretary's office at (831) 440-5602 five to seven days in advance of the meeting to make arrangements for assistance. If you require the agenda of a Board meeting be available in an alternative format consistent with a specific disability, please call the Secretary's Office. The California State Relay Service (TDD to voice: 1-800-735-2929, voice to TDD: 1-800-735-2922), provides Telecommunications Devices for the Deaf and will provide a link between the TDD caller and users of telephone equipment.

MINUTES

Meeting of the Successor Agency of the Scotts Valley Redevelopment Agency

Date: August 15, 2012

POSTING:

The agenda was posted on 8-10-12 at City Hall, the SV Senior Center, and the SV Library, by the City Clerk.

CALL TO ORDER 7:02 p.m.

ROLL CALL

Present:

- Donna Lind, Chair
- Randy Johnson, Vice Chair
- Stephany E. Aguilar, Board Member
- Dene Bustichi, Board Member
- Jim Reed, Board Member
- Stephen H. Ando, Executive Director
- Tracy A. Ferrara, Secretary
- Kirsten Powell, Agency Counsel
- Corrie D. Kates, Community Development Director/Deputy City Manager

PUBLIC COMMENT

No one came forward.

**ALTERATIONS TO
CONSENT AGENDA**

ED Ando requested that Item B be deleted from the consent agenda.

M/S: Aguilar/Bustichi

***To approve the Consent Agenda as amended deleting Item B from the consent agenda.
Carried 5/0***

CONSENT AGENDA

- A. Approve Successor Agency Board meeting minutes of 7-11-12, 5-16-12
- ~~B. Approve attorney-client fee contract with Logan & Powell, LLP for legal services and authorize the Executive Director to sign the contract~~

**ALTERATIONS TO
REGULAR AGENDA**

M/S: Aguilar/Bustichi
To approve the Regular Agenda.
Carried 5/0

REGULAR AGENDA

1. **Approve Resolution No. SA-6 approving a proposed administrative budget for the six-month fiscal period from January 1, 2013 through June 30, 2013, pursuant to Health and Safety Code Section 34177(j) and taking certain related actions**

ED Ando presented the written report and responded to questions from the Board.

M/S: Bustichi/Aguilar
To approve Resolution No. SA-6 approving a proposed administrative budget for the six-month fiscal period from January 1, 2013 through June 30, 2013, pursuant to Health and Safety Code Section 34177(j) and taking certain related actions.
Carried 5/0

2. **Approve Resolution No. SA-7 approving a Recognized Obligation Payment Schedule (ROPS) for the six-month fiscal period from January 1, 2013 through June 30, 2013, pursuant to Health and Safety Code Section 34177 and taking certain related actions**

ED Ando presented the written report and responded to questions from the Board.

M/S: Bustichi/Johnson
To approve Resolution No. SA-7 approving a Recognized Obligation Payment Schedule (ROPS) for the six-month fiscal period from January 1, 2013 through June 30, 2013, pursuant to Health and Safety Code Section 34177 and taking certain related actions.
Carried 5/0

3. **Future Board agenda items**

None.

ADJOURNMENT The meeting adjourned at 7:15 p.m.

Approved: _____

Donna R. Lind, Chair

Attest: _____

Tracy A. Ferrara, Secretary

City of Scotts Valley INTEROFFICE MEMORANDUM

DATE: January 16, 2013

TO: Successor Agency Board of Directors

FROM: Steve Ando, Executive Director 

SUBJECT: **Approval of Loan Agreement between the City of Scotts Valley and the Scotts Valley Redevelopment Successor Agency**

SUMMARY OF ISSUE

After the California Supreme Court decision a year ago that allowed the State to dissolve all redevelopment agencies, staff has been working through this process. Part of the process has been the approval of enforceable obligations of the Scotts Valley Redevelopment Successor Agency (Agency) and the distribution of "excess" existing cash balances in the Agency. Both of these have created a shortage of cash to pay the enforceable obligations. The State Department of Finance (DOF) has suggested the use of a loan from the City to the Agency pursuant to Health and Safety Code Section 34173 (h) to bridge this gap. The repayment of this loan will be placed on future Recognized Obligation Payment Schedules (ROPS's).

In the ROPS for the period January 1 to June 30, 2013, the bonds for the library and the payments for the affordable housing subsidies were disallowed by the DOF and not funded for that period. The Agency will have the opportunity to meet and confer over these items with the DOF after the next ROPS (for the period July 1, to December 31, 2013) is submitted. As stated above, the DOF has suggested the use of a loan from the City which will cover the upcoming enforceable obligation payments. The loan amount for this will be \$334,583.

The allocation of cash to be held by the Agency and the amount to be distributed to the taxing entities during the transition of dissolving the redevelopment agencies has caused the Agency to be short of cash to meet its enforceable obligation payments for the period July 1 to December 31, 2012. As part of the dissolution process the Agency filed a required report stating that it would use a portion of the funds held in the former affordable housing fund to cover this deficit. The DOF disagreed, and Agency staff met and conferred with the DOF. The DOF upheld its original determination but, again, recommended using a loan from the City to be repaid on future ROPS's. This loan amount will be for \$836,645.

Attached is a resolution approving the loan agreement for the two deficits described above. Once approved by the City and the Agency, the agreement will be presented to the Oversight Board of the Successor Agency of the Scotts Valley Redevelopment Agency and then to the DOF.

FISCAL IMPACT

The loan will provide the funds necessary to make the enforceable obligations of the Agency. The loan will be repaid, with interest at the Local Agency Investment Fund (LAIF) interest rate, through future ROPS's.

STAFF RECOMMENDATION

That the Successor Agency Board of Directors approve Resolution No. SA-8 approving the loan agreement.

TABLE OF CONTENTS

PAGE

Resolution SA-8..... 3

RESOLUTION NO. SA-8

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY OF THE SCOTTS VALLEY REDEVELOPMENT AGENCY APPROVING LOAN AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND THE CITY OF SCOTTS VALLEY UNDER HEALTH AND SAFETY CODE SECTION 34173 (h) FOR AB 1484 AUTHORIZED ENFORCEABLE OBLIGATIONS AND ADMINISTRATIVE EXPENDITURES

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 Scotts Valley ("City") previously established the Redevelopment Agency of the City of Scotts Valley, 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, posers, duties and obligations were transferred to a "successor agency" (as defined by CRL Section 34171 (j) and Section 34173); and

WHEREAS, the City Council determined that the City would become the Agency's successor agency ("Successor Agency") under CRL Section 34173; and

WHEREAS, pursuant to Section 34179, an oversight board ("Oversight Board") was established for the Successor Agency; 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 enforceable obligations, administrative costs, and project-related expenses; and

WHEREAS, immediately prior to the December 2011 distribution of property tax increment, the Agency's funds reflected a negative cash balance and, following the County Auditor-Controller's subsequent adjustment to the Successor Agency's June 2012 distribution from the RPTTF to reflect the December 2011 property tax distributions, the Successor Agency lacked the funds required to meet the entirety of its obligations arising under the Recognized Obligation Payment Schedule for the period of July 1, 2012 through December 31, 2012; and

WHEREAS, the State Department of Finance has disallowed certain enforceable obligations listed on the Agency's Recognized Obligation Payment Schedule for the period of January 1, 2013 through June 30, 2013, the Successor Agency will lack the funds to meet the entirety of its obligations for this time period; and

WHEREAS, the City and the Successor Agency have prepared an agreement entitled "Loan Agreement for Enforceable Obligations, Administrative Costs and Project-Related Expenses" ("Loan Agreement") (a copy of which is attached as Exhibit "A") providing for a loan ("Loan") from the City to the Successor Agency in the amount of One Million One Hundred Seventy One Thousand Two Hundred Twenty Eight Dollars (\$1,171,228); and

WHEREAS, the City and Successor Agency desire to approve the Loan Agreement and make the Loan from the funding sources described below.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY OF THE SCOTTS VALLEY REDEVELOPMENT AGENCY AS FOLLOWS:

Section 1. Under the authority of CRL Section 34173 (h), the Agency approves the Loan Agreement, in the form attached as Exhibit "A".

Section 2. The Board directs the Executive Director to execute the Loan Agreement on behalf of the Agency upon approval of the Oversight Board and the State Department of Finance. The Executive Director is further authorized, with the concurrence of the Agency's legal counsel, to approve technical, non-substantive amendments to the Loan Agreement on the Agency's behalf and to otherwise carry out the actions authorized by this Resolution.

Section 3. The City Council directs that the Loan be funded from the City's General Fund. This Loan amount is to be repaid to the General Fund upon the terms of the Loan Agreement, including interest.

Section 4. The approval and other actions authorized by this Resolution will become effective as provided by CRL Section 34179 (h).

PASSED AND ADOPTED by the Board of Directors of the Successor Agency of the Scotts Valley Redevelopment Agency this 16th day of January 2013, by the following vote:

AYES:	BOARDMEMBERS:
NOES:	BOARDMEMBERS:
ABSENT:	BOARDMEMBERS:
ABSTAIN:	BOARDMEMBERS:

APPROVED: _____
Randy Johnson, Chair

ATTEST: _____
Tracy Ferrara, Secretary

**LOAN AGREEMENT FOR ENFORCEABLE OBLIGATIONS,
ADMINISTRATIVE COSTS AND PROJECT RELATED EXPENSES**

ARTICLE I.

PARTIES AND EFFECTIVE DATE

- 1.1 Parties. This Loan Agreement for Enforceable Obligations, Administrative Costs and Project Related Expenses ("Agreement") is dated as of this ____ day of January, 2013. This Agreement is entered into by and between the City of Scotts Valley, a municipal corporation ("City") and the Successor Agency of the Scotts Valley Redevelopment Agency ("Agency"), formed and existing in accord with Section 34173 of the California Community Redevelopment Law ("CRL")(Health & Safety Code section 33000, et seq.).
- 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 Successor Agency's authorized officials.
 - B. This Agreement has been approved by the Successor Agency's oversight Board ("Oversight Board") formed in accordance 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 Scotts Valley previously established the Redevelopment Agency of the City of Scotts Valley ("RDA") to carry out the purposes of and exercise the powers granted to community development agencies under the CRL.
- 2.2 On February 1, 2012, the RDA was dissolved by operation of Assembly Bill 1X26 ("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 election to become the RDA's successor agency ("Agency") under CRL Section 34173.

2.4 On or about June 27, 2012, the provision 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) permit the City, as the RDA'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 Immediately prior to the December 2011 distribution of property tax increment, the Agency's funds reflected a negative cash balance and, following the County Auditor-Controller's subsequent adjustment to the Agency's June 2012 distribution from the RPTTF to reflect the December 2011 property tax distributions, the Agency lacked the funds required to meet the entirety of its obligations arising under the Recognized Obligation Payment Schedule for the period of July 1, 2012 through December 31, 2012.

2.7 In addition, the DOF has disallowed certain enforceable obligations listed on the Agency's Recognized Obligation Payment Schedule for the period of January 1, 2013 through June 30, 2013, therefore, the Agency will lack the funds required to meet the entirety of its obligations for this time period

2.7 The Agency has requested that the City loan it the principal sum of One Million One Hundred Seventy One Thousand Two Hundred Twenty Eight Dollars (\$1,171,228) so that the Agency may pay its enforceable obligations, administrative costs and project related expenses set forth in the ROPS. 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 Agency upon the Agency's request. The Loan will be dispersed to the Agency to be held in its accounts and may be used to pay any of the Agency's enforceable obligations, administrative costs and project related expenses set forth in the ROPS.

3.2 Interest and Repayment Terms. All disbursed and outstanding Loan amounts will accrue interest at the rate earned by the 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 the disbursement until fully repaid. The Loan will be paid in accordance with the schedule attached hereto and incorporated herein as Exhibit A.

3.3 Inclusion on Recognized Obligation Payment Schedule.

A. The Agency will identify this Agreement as an enforceable obligation under CRL Section 34173(h) on the ROPS to be submitted by the Agency to the DOF for the period covering the dates of installments on the Loan. The Agency will request an allocation of property taxes from the "Redevelopment Property Tax Trust Fund" (established pursuant to CRL Section 34170.5 and administered by the County Auditor-Controller in accordance with CRL Section 34182 and 34183) ("RPTTF") on the ROPS and each subsequent ROPS covering any fiscal period in which a Loan payment in due as outlined in Exhibit A. If, for any reason whatsoever, the 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 due date of the last installment, the 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 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 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. The Agency will take all other actions as required by the CRL or other applicable authority to ensure that the Agency receives an allocation of taxes from RPTTF in the amounts necessary to satisfy the Agency's payment obligations under this Agreement.

3.4 Amendment or Modification. This Agreement and the 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 Agency, following all notices, hearings and approvals required by the 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 Agency Income or Assets Subject to Repayment Obligation. No funds or other assets of the Agency other than property tax allocations from the RPTTF may be used for the repayment of the Agency's obligations under this Agreement.

3.6 Remedies for Breach. If the Agency fails for any reason whatsoever to fulfill its obligations under this Agreement, and regardless of whether the date of the last

installment 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.

IN WITNESS WHEREOF, the Agency and the City have executed this Agreement as of the date first above written.

AGENCY:

CITY:

SUCCESSOR AGENCY OF THE
REDEVELOPMENT AGENCY OF THE
CITY OF SCOTTS VALLEY, a public
body, corporate and politic

CITY OF SCOTTS VALLEY, a California
municipal corporation

By: _____

Stephen H. Ando
Executive Director

By: _____

Stephen H. Ando
City Manager

APPROVED AS TO FORM:

ATTEST:

By: _____

Kirsten M. Powell
Agency Counsel

By: _____

Tracy Ferrara, City Clerk

APPROVED AS TO FORM:

By: _____

Kirsten M. Powell, City Attorney

REPAYMENT SCHEDULE

<u>Payment Date</u>	<u>Principal Payment *</u>
July 1, 2015	\$ 220,000
January 2, 2016	300,000
July 1, 2016	300,000
January 2, 2017	300,000
July 1, 2017	<u>51,228</u>
Total	<u><u>\$ 1,171,228</u></u>

* The principal payments will include accrued interest on the unpaid balance at at the Local Agency Investment Fund (LAIF) interest rate.