

RESOLUTION NO. SA-24-93

A RESOLUTION OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE LOAN AGREEMENT BETWEEN THE CITY OF IMPERIAL BEACH AND THE SUCCESSOR AGENCY IN ORDER FOR THE SUCCESSOR AGENCY TO PAY CERTAIN ENFORCEABLE OBLIGATIONS AND ADMINISTRATIVE COSTS

WHEREAS, the Imperial Beach Redevelopment Agency (the “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, Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) (“AB 26”) was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and to the California Health and Safety Code (“H&S Code”), including adding Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the H&S 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 expeditiously 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 AB 26, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency on February 1, 2012; and

WHEREAS, on February 1, 2012, the Redevelopment Agency was dissolved by operation of law and the Successor Agency was established pursuant to AB 26. The Successor Agency is a separate and distinct legal entity from the City, with rules and regulations that apply to its governance and operations; and

WHEREAS, AB 26 has since been amended by various assembly and senate bills enacted by the Legislature and signed by the Governor. AB 26 as amended is hereinafter referred to as the “Dissolution Law”; and

WHEREAS, in 2018, the County of San Diego Countywide Redevelopment Successor Agency Oversight Board (the “Oversight Board”) was established pursuant to the Dissolution Law. The Oversight Board possesses fiduciary responsibilities to holders of enforceable obligations and taxing entities that benefit from distributions of property taxes and other revenues. As a part of these responsibilities, the Oversight Board reviews and approves the annual “Recognized Obligation Payment Schedule” (“ROPS”) submitted by successor agencies within San Diego County for the payment of obligations, before the submittal of the ROPS to the California Department of Finance (the “DOF”) for its approval; and

WHEREAS, pursuant to the Dissolution Law, the ROPS is the reporting document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations of the Successor Agency for each fiscal year. The ROPS is forward looking to the next one year; and

WHEREAS, after the approval of the ROPS by the Oversight Board and then the DOF under the Dissolution Law, the San Diego County Auditor-Controller (the "County Auditor-Controller") is responsible for ensuring that the Successor Agency receives revenues from certain property tax ("Redevelopment Property Tax Trust Fund" or "RPTTF") sufficient to meet the payment requirements of the ROPS's enforceable obligations during each fiscal year period; and

WHEREAS, the ROPS covering the 12-month fiscal year period from July 1, 2024 through June 30, 2025 ("ROPS 24-25") was duly submitted by the Successor Agency and approved by the Oversight Board and the DOF, with certain changes in the amount of RPTTF approved for allocation to the Successor Agency for payment of its enforceable obligations during the 2024-2025 Fiscal Year including payment of debt service on outstanding bonds of the Successor Agency and other obligations. In particular, as a part of the ROPS, there is a summary of cash balances, including the expenditures and excess cash during the 12-month fiscal year period from July 1, 2021 through June 30, 2022 (i.e. the ROPS 21-22 period) that becomes a prior period adjustment ("PPA") to the amount of RPTTF approved for allocation to the Successor Agency for the ROPS 24-25 period; and

WHEREAS, the PPA for ROPS 21-22 was mistakenly calculated by not including a bond payment expenditure of One Million One Hundred Seventy-Nine Thousand Five Hundred Eighty-Nine Dollars and Seventy-Eight Cents (\$1,179,589.78) made during a bond refunding process in Fiscal Year 2021-2022 and, as a result, reduced the amount of RPTTF approved to be paid to the Successor Agency for the Successor Agency's ROPS 24-25 enforceable obligations by a total PPA amount of One Million One Hundred Sixty-Four Thousand Three Hundred Sixty Dollars (\$1,164,360). In addition, there were other inaccuracies in the calculations of funds that the DOF had presumed were available to pay for the Successor Agency's ROPS 24-25 enforceable obligations. Therefore, DOF reduced the amount of RPTTF approved for distribution in the Fiscal Year 2024-2025 to pay for the Successor Agency's ROPS 24-25 enforceable obligations. As a result, the RPTTF that has been received on June 1, 2024, and that will be received on January 2, 2025, to pay enforceable obligations from July 1, 2024, through June 30, 2025, is insufficient to pay all approved ROPS 24-25 enforceable obligations, including certain tax allocation bond debt and reserve payments that are due by the Successor Agency in May/June 2025, administrative costs, and other obligations; and

WHEREAS, the County-Auditor Controller has concurred that the PPA for ROPS 21-22 was mistakenly calculated and has since agreed in writing to correct the RPTTF to be distributed to the Successor Agency. However, when these inaccuracies were discovered, it was too late for the DOF to re-issue its funding determination approval letter for ROPS 24-25 to correct the discrepancy; and

WHEREAS, pursuant to H&S Code Section 34173(h) of the Dissolution Law, the City is authorized, in the City's discretion, to loan or grant funds to the Successor Agency for the payment of administrative costs, enforceable obligations, or project-related expenses that qualify as an enforceable obligation, and only to the extent that the Successor Agency receives an insufficient distribution from the RPTTF or other approved sources of funding are insufficient to pay approved enforceable obligations in the ROPS period. H&S Code Section 34173(h) further requires that the receipt and use of these loan or grant funds shall be reflected on the Successor Agency's ROPS or the administrative budget, and therefore are subject to the oversight and approval of the Oversight Board. Once approved by the Oversight Board, an enforceable obligation shall be deemed to be created for the repayment of those loans. The interest payable on any loan created pursuant to H&S Code Section 34173(h) shall be calculated on a fixed annual simple basis and applied to the outstanding principal amount until

fully paid, at a rate not to exceed the most recently published interest rate earned by funds deposited into the Local Agency Investment Fund during the previous fiscal quarter. Repayment of loans created under H&S Code Section 34173(h) shall be applied first to principal, and second to interest, and shall be subordinate to other approved enforceable obligations, and shall be repaid to the extent RPTTF allocated to the Successor Agency is available after fulfilling other enforceable obligations approved in the Successor Agency's ROPS; and

WHEREAS, pursuant to H&S Code Section 34177.3(b), the Successor Agency may create enforceable obligations to conduct the work of winding down the former Redevelopment Agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance; and

WHEREAS, to enable the Successor Agency to meet its fiduciary responsibilities to holders of enforceable obligations, including certain tax allocation bond debt and reserve payments that are due by the Successor Agency in May/June 2025, and to have adequate funds for administration costs and other obligations, the City desires to loan to the Successor Agency an amount not to exceed One Million Three Hundred Fifteen Thousand Nine Hundred Twenty Dollars (\$1,315,920); and

WHEREAS, subject to approval by the Oversight Board, the Successor Agency may enter into this Loan Agreement with the City pursuant to the authority granted by H&S Code Sections 33220, 33610, 34173(h), 34177.3 and 34180(h); and

WHEREAS, the City and the Successor Agency have determined that entering into this Loan Agreement is in the best interests of the City and the Successor Agency; and

WHEREAS, after reviewing the terms of the proposed Loan Agreement between the City and the Successor Agency, the Loan from the City to the Successor Agency, and the Successor Agency's repayment of such Loan, and after reviewing any written and oral comments from the public relating thereto, the Successor Agency desires, subject to Oversight Board approval, to approve the terms of the Loan and the proposed Loan Agreement and to make the following accompanying findings, resolutions and determinations.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS by the Imperial Beach Redevelopment Agency Successor Agency that:

Section 1. The foregoing recitals are true and correct.

Section 2. The Successor Agency hereby finds and determines that the proposed Loan Agreement and the Loan are necessary for the Successor Agency to meet its fiduciary responsibilities for the purpose of paying the enforceable obligations, including administrative costs, set forth in the Loan Agreement.

Section 3. The Successor Agency hereby approves: (i) the proposed Loan Agreement as an enforceable obligation under the Dissolution Law, wherein the City would provide the Loan to the Successor Agency for the purpose of paying the enforceable obligations, including administrative costs, set forth in the Loan Agreement; and (ii) the Successor Agency's repayment of the Loan to the City in each fiscal year period with a pledge of property taxes payable from the Redevelopment Property Tax Trust Fund, at an interest rate on the Loan equal to the rate applicable to funds on deposit in the Local Agency Investment Fund.

Section 4. The Successor Agency hereby authorizes (i) the Executive Director to execute the proposed Loan Agreement with the City consistent with the terms of the Loan Agreement and the Loan approved by this Resolution, including without limitation the City's loan/advance of the Loan in the amount not to exceed One Million Three Hundred Fifteen Thousand Nine Hundred Twenty Dollars (\$1,315,920); and (ii) the Successor Agency's repayment of the Loan to the City in each fiscal year period with a pledge of property taxes payable from the Redevelopment Property Tax Trust Fund, at an interest rate on the Loan equal to the rate applicable to funds on deposit in the Local Agency Investment Fund.

Section 5. This Resolution shall take effect at the time and in the manner prescribed in H&S Code Section 34179(h).

Section 6. The Successor Agency 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 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 Guidelines.

Section 7. The Secretary shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED by the Imperial Beach Redevelopment Agency Successor Agency at its special meeting held on the 17th day of December 2024, by the following vote:

AYES:	BOARDMEMBERS:	LEYBA-GONZALEZ, FISHER, SEABURY, MCKAY, AGUIRRE
NOES:	BOARDMEMBERS:	NONE
ABSENT:	BOARDMEMBERS:	NONE



**PALOMA AGUIRRE,
CHAIRPERSON**

ATTEST:



**JACQUELINE M. KELLY, MMC
SECRETARY**