

**RESOLUTION NO. OB 12-05**

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF GROVER BEACH DEEMING ALL CITY LOANS TO THE FORMER GROVER BEACH IMPROVEMENT AGENCY TO BE ENFORCEABLE OBLIGATIONS AND AUTHORIZING PLACEMENT OF THE LOANS ON THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

**WHEREAS**, as part of the 2011-12 State budget bill, the California Legislature enacted and the Governor signed, from the 2011-12 First Extraordinary Session, Assembly Bill 1X 26 ("AB 1X 26") requiring that each redevelopment agency be dissolved; and

**WHEREAS**, on December 29, 2011, the California Supreme Court upheld the validity of AB 1X 26 and modified certain of the dates pertaining to actions related to the dissolution of redevelopment agencies; and

**WHEREAS**, as of February 1, 2012, the Improvement Agency of the City of Grover Beach was dissolved pursuant to the provision of AB 1X 26; and

**WHEREAS**, the City Council of the City of Grover Beach by operation of law and by action duly and regularly taken became the successor agency to the dissolved redevelopment agency ("Successor Agency"); and

**WHEREAS**, the Oversight Board to the Successor Agency has been appointed pursuant to Health and Safety Code Section 34179; and

**WHEREAS**, the Successor Agency has been presented with the following facts regarding the loans between the former Grover Beach Improvement Agency and the City of Grover Beach:

1. Redevelopment Agency needed to have debt in order to collect tax increment and loans were set up between the City and the Former Grover Beach Improvement Agency in order to collect tax increment.
2. The loans were to pay ongoing expenses of both Improvement Agency Areas until the Agency Areas were able to receive enough tax increment to pay for ongoing costs associated with the operation of the Improvement Agency.
3. Initial tax increment for both Improvement Agency Areas was not received until 22 months after the inception of each Agency Area, and the funding was insufficient to meet expenditures for several years.
4. Due to tax increment not being available for 22 months after the inception of each Agency Area, there was insufficient tax increment to repay City loans.
5. As soon as there was sufficient income for Debt Service Payments, as well as projects, all available tax increment was used to pay for project-related expenses and the City loans began to be repaid as excess tax increment became available.
6. The Board of the former Grover Beach Improvement Agency Areas felt the best use of tax increment was first to projects and secondly to repay loans to the City of Grover Beach.

**NOW, THEREFORE, BE IT RESOLVED** that the Oversight Board resolves as follows:

Section 1. The forgoing Recitals are incorporated herein and made a part hereof.

Section 2. The Board has certified that all loans between the City of Grover Beach and the former Grover Beach Improvement Agency are deemed to be enforceable obligations by the Oversight Board and that all said loans were for legitimate redevelopment purposes.

Section 3. That as enforceable obligations all loans between the former Grover Beach Improvement Agency Areas and the City of Grover Beach are to be listed on the Recognized Obligation Payment Schedule.

Section 4. The Secretary shall certify to the adoption of this Resolution.

On motion by Board Member Hill, seconded by Board Member Shoals, and on the following roll-call vote, to wit:

AYES:	Board Members – Evans, Green, Hill, Shepard, Shoals, Vice Chair Jarvis, and Chair Laferriere
NOES:	Board Members - None
ABSENT:	Board Members - None
ABSTAIN:	Board Members - None

the foregoing Resolution was **PASSED, APPROVED, and ADOPTED** at a special meeting of the Oversight Board, Grover Beach, California this 27<sup>th</sup> day of August, 2012.

  
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JOHN LAFERRIERE, BOARD CHAIR

Attest:

  
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DONNA L. MCMAHON, CITY CLERK