

**OVERSIGHT BOARD RESOLUTION NO. 2012-06**

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE APPROVING THE LOAN AGREEMENT BETWEEN THE CITY OF SOUTH GATE AND THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE**

**WHEREAS**, The City of South Gate ("City") is a municipal corporation organized and operating under the laws of the State of California; and

**WHEREAS**, The Successor Agency of the Community Development Commission of the City of South Gate ("Successor Agency") is a public entity corporate and politic, organized and operating under Part 1.85 of Division 24 of the California Health and Safety Code ("H&SC"); and

**WHEREAS**, H&SC Section 34177(a) permits the Successor Agency to make payments due for enforceable obligations; and

**WHEREAS**, H&SC Section 34177(l) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period that lists its enforceable obligations; and

**WHEREAS**, The Successor Agency adopted a ROPS for the July to December 2012 period ("ROPS II"), which was approved by the Oversight Board on April 30, 2012 and by the California Department of Finance on May 31, 2012; and

**WHEREAS**, On June 1, 2012, the County of Los Angeles Auditor-Controller remitted \$3,730,180 in Redevelopment Property Tax Trust Fund ("RPTTF") money to the Successor Agency to fund \$4,182,594 in enforceable obligations approved on ROPS II. The Successor Agency anticipates a budget shortfall of \$452,414 between July 1, 2012 and December 31, 2012; and

**WHEREAS**, H&SC Section 34173(h) provides that the City may loan funds to the Successor Agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion, and that the loan must be reflected on the Successor Agency's Recognized Obligation Payment Schedule ("ROPS"), which is subject to the approval of the Successor Agency's Oversight Board. Further H&SC Sections 34178 and 34180 also authorize certain contracts to be entered into between the Successor Agency and the City, as its sponsoring community; and

**WHEREAS**, Relying on this authority, the City is prepared to extend a temporary loan ("Loan") to the Successor Agency in an amount not to exceed FOUR HUNDRED FIFTY-TWO THOUSAND AND FOUR HUNDRED AND FOURTEEN DOLLARS (\$452,414.00) ("Loan Amount") to be used to pay for enforceable obligations listed on ROPS II; and

**WHEREAS**, The Successor Agency, in preparing the Recognized Obligation Payment Schedule for the January to June 2013 period ("ROPS III"), will list the Loan as an enforceable obligation.

**NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE:**

**Section 1.** The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

**Section 2.** Pursuant to the Dissolution Act, the Oversight Board approves the Loan Agreement between the City and Successor Agency, in the form attached hereto and authorizes the Successor Agency to list this obligation on the third ROPS to be submitted to the Department of Finance.

**Section 3.** Pursuant to Section 34179(h) as amended by Assembly Bill 1484, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review; provided however, that pursuant to Section 34177(m) as to each ROPS submitted the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations thereon no later than 45 days after submittal.

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

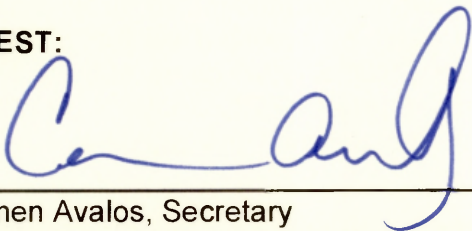
**APPROVED AND ADOPTED** this 27<sup>th</sup> day of August 2012.



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W.H. (Bill) De Witt, Chair  
Oversight Board to the Successor Agency to the  
Community Development Commission of the City  
of South Gate

**ATTEST:**



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Carmen Avalos, Secretary  
Oversight Board of the Successor Agency to the  
Community Development Commission of the City  
of South Gate

(SEAL)



**ATTACHMENT 1**

**Proposed Loan Agreement between the City of South Gate and the Successor Agency to the Community Development Commission of the City of South Gate**

**(attached)**

**LOAN AGREEMENT BETWEEN CITY OF SOUTH GATE AND  
SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT  
COMMISSION OF THE CITY OF SOUTH GATE**

This **LOAN AGREEMENT** ("Agreement") is entered into and effective as of August \_\_, 2012 and is made by and between the **CITY OF SOUTH GATE**, a municipal corporation ("City") and the **SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE**, a public body corporate and politic ("Successor Agency").

**RECITALS**

**A.** The City is a municipal corporation organized and operating under the laws of the State of California.

**B.** The Successor Agency is a public entity corporate and politic, organized and operating under Part 1.85 of Division 24 of the California Health and Safety Code ("H&SC").

**C.** H&SC Section 34177(a) permits the Successor Agency to make payments due for enforceable obligations.

**D.** H&SC Section 34177(l) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period that lists its enforceable obligations.

**E.** The Successor Agency adopted a ROPS for the July to December 2012 period ("ROPS II"), which was approved by the Oversight Board on April 30, 2012 and by the California Department of Finance on May 31, 2012.

**F.** On June 1, 2012, the County of Los Angeles Auditor-Controller remitted \$3,730,180 in Redevelopment Property Tax Trust Fund ("RPTTF") money to the Successor Agency to fund \$4,182,594 in enforceable obligations approved on ROPS II. The Successor Agency anticipates a budget shortfall of \$452,414 between July 1, 2012 and December 31, 2012.

**G.** H&SC Section 34173(h) provides that the City may loan funds to the Successor Agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion, and that the loan must be reflected on the Successor Agency's Recognized Obligation Payment Schedule ("ROPS"), which is subject to the approval of the Successor Agency's Oversight Board. Further H&SC Sections 34178 and 34180 also authorize certain contracts to be entered into between the Successor Agency and the City, as its sponsoring community.

**H.** Relying on this authority, the City is prepared to extend a temporary loan ("Loan") to the Successor Agency in an amount not to exceed **FOUR HUNDRED FIFTY-TWO THOUSAND AND FOUR HUNDRED AND FOURTEEN DOLLARS (\$452,414.00)** ("Loan Amount") to be used to pay for enforceable obligations listed on ROPS II.

**I.** The Successor Agency, in preparing the Recognized Obligation Payment Schedule for the January to June 2013 period ("ROPS III"), will list the Loan as an enforceable obligation.



## AGREEMENT

**NOW THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth, the City and Successor Agency agree as follows:

Section 1. *Recitals.* The City and Successor Agency represent and warrant to each other that each of the respective recitals is true and correct and is hereby incorporated into this Agreement by reference as if fully set forth.

Section 2. *Loan.* Provided that the loan conditions set forth in Section 4 are satisfied, the City shall use City general funds to provide the Successor Agency with the Loan in an amount not to exceed \$452,414.00 on or before December 31, 2012.

Section 3. *Use of Loan.* The Successor Agency shall use the Loan to pay for enforceable obligations on ROPS II.

Section 4. *Loan Conditioned on Oversight Board Approval.* Prior to making the Loan described in Section 2, the Successor Agency shall present such contract to the Oversight Board for its review and approval of this Agreement in conformity with H&SC Sections 34179(h) and 34180.

Section 5. *Source of Repayment; Limited Subordination.*

(A) Except as provided in paragraph (B) below of this Section 5, the Loan shall be repaid on par with any enforceable obligations falling within H&SC Section 34183(a)(2)(C) (debts not qualifying as tax allocation bonds and certain revenue bonds).

(B) The City hereby agrees to defer payment on the Loan during a six-month period covered by a ROPS to the extent that repayment in that period would leave insufficient funds to the Successor Agency to satisfy other contractual obligations covered by H&SC Section 34183(a)(2)(C) which: (i) are due in that six-month period; and (ii) were in existence as of the date of this Agreement.

(C) Unless legally prohibited or waived by the City, any portion of the unpaid Loan shall also be repaid from other revenues available to the Successor Agency, such as the proceeds of asset sales and rents. These payments shall augment and supplement the required payments described in paragraph (A).

Section 6. *Placement of Loan Obligation on the Successor Agency's ROPS III.* Provided that this Agreement is approved by the Oversight Board (and City and Successor Agency), the Successor Agency shall prepare and approve a ROPS III or amended ROPS III that includes this Agreement as a listed enforceable obligation. The amount of that listed enforceable obligation shall be the Loan Amount (or such lesser amount as may be actually advanced to the Successor Agency). The Agreement shall be included on each successive ROPS for the Successor Agency until the City is repaid the full Loan Amount.

Section 7. *Term.* This Agreement shall be in full force and effect from the date hereof until such time as the entire amount of the Loan has been repaid in full.

Section 8. *Entire Agreement.* This Agreement constitutes the entire agreement by and between the parties with respect to the subject matter of this Agreement, and may be amended only in writing.

Section 9. *Remedies.* In the event of a default, the parties hereto shall be entitled to pursue any and all remedies available at law or equity under California law for purposes of enforcing the terms and conditions of this Agreement.

**[Signature blocks for Loan Agreement on next page]**

[Loan Agreement continued from previous page]

**APPROVED AND EXECUTED** by signature of the authorized representatives of each of the parties on \_\_\_\_\_, 2012.

**CITY:**

**CITY OF SOUTH GATE**, a municipal corporation

By: \_\_\_\_\_  
Bryan Cook  
Assistant City Manager/Finance Director

**ATTEST:**

By: \_\_\_\_\_  
Carmen Avalos, City Clerk

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Raul F. Salinas, Esq., City Attorney

**SUCCESSOR AGENCY:**

**SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE**, a public body, corporate and politic

By: \_\_\_\_\_  
Bryan Cook  
Assistant City Manager/Finance Director

**ATTEST:**

By: \_\_\_\_\_  
Carmen Avalos, City Clerk

**APPROVED AS TO FORM:**

**STRADLING YOCCA CARLSON & RAUTH**

By: \_\_\_\_\_  
Counsel to the Successor Agency



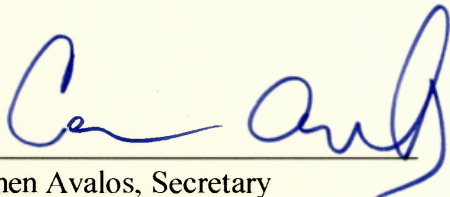
**RESOLUTION CERTIFICATION PAGE**

**STATE OF CALIFORNIA            )**  
**COUNTY OF LOS ANGELES        )        SS**  
**CITY OF SOUTH GATE            )**

I, Carmen Avalos, Secretary of the Oversight Board of the Successor Agency to the Community Development Commission of the City of South Gate, California, hereby certify that the whole number of Members of the Oversight Board of said City is seven; that Resolution No. 2012-06 was adopted by the Oversight Board at their Meeting held on August 27, 2012, by the following vote:

Ayes:            Council Members:    De Witt, Torres, Verdugo, Shidler, Liday and Bokde  
Noes:            Council Members:    None  
Absent:          Council Members:    Payne  
Abstain:         Council Members:    None

Witness my hand and the seal of said City on September 4, 2012.

  
\_\_\_\_\_  
Carmen Avalos, Secretary  
Oversight Board of the Successor Agency  
to the Community Development Commission  
of the City of South Gate, California