

OVERSIGHT BOARD RESOLUTION NUMBER OB-2014-77

A RESOLUTION OF THE OVERSIGHT BOARD FOR CITY OF SAN DIEGO REDEVELOPMENT SUCCESSOR AGENCY APPROVING THE EARLY REPAYMENT OF A LOAN IN THE PRINCIPAL AMOUNT OF \$1,250,000, PLUS ACCRUED INTEREST AT A DISCOUNTED RATE, OWED TO THE CALIFORNIA HOUSING FINANCE AGENCY.

WHEREAS, the former Redevelopment Agency of the City of San Diego (Former RDA) administered the implementation of various redevelopment projects, programs, and activities within designated redevelopment project areas throughout the City of San Diego (City); and

WHEREAS, in accordance with Assembly Bill x1 26 (AB 26), the Former RDA dissolved as of February 1, 2012, at which time the City of San Diego, solely in its capacity as the designated successor agency to the Former RDA (Successor Agency), assumed the Former RDA's assets and obligations; and

WHEREAS, the Successor Agency is winding down the Former RDA's affairs in accordance with AB 26, enacted on June 28, 2011, Assembly Bill 1484, enacted on June 27, 2012, and subsequent legislation (collectively, the Dissolution Laws); and

WHEREAS, the Oversight Board has been formed to oversee certain actions and decisions of the Successor Agency in accordance with the Dissolution Laws; and

WHEREAS, the San Diego County Auditor-Controller (County Auditor), the State Controller, and the State Department of Finance (DOF) also possess certain rights and obligations under the Dissolution Laws with respect to the Successor Agency's administration of the Former RDA's operations; and

WHEREAS, pursuant to California Health and Safety Code (Code) section 34177(l), Successor Agency staff must prepare a Recognized Obligation Payment Schedule (ROPS) on a

forward-looking basis for each six-month fiscal period, showing the payments to be made toward enforceable obligations and the funding source for the payments, including, without limitation, the Redevelopment Property Tax Trust Fund (RPTTF); and

WHEREAS, Successor Agency staff has prepared the proposed seventh ROPS covering the period from January 1, 2015 through June 30, 2015, also known as ROPS 14-15B; and

WHEREAS, line item 17 of ROPS 14-15B identifies the Successor Agency's repayment of a housing-related loan (HELP Loan) issued by the California Housing Finance Agency (CalHFA) to the Former RDA pursuant to a loan agreement executed in October 2006; and

WHEREAS, the HELP Loan is a 10-year loan in the principal amount of \$1,250,000, accruing interest at 3 percent per annum, with no payments due until the maturity date in October 2016; and

WHEREAS, the Former RDA used the HELP Loan proceeds to subsidize a portion of the costs of the Phase 3 expansion of the Veterans Village of San Diego residential facilities assisting homeless veterans; and

WHEREAS, on July 2, 2014, CalHFA sent a notice to the Successor Agency confirming that the Successor Agency could receive an early payoff discount of 35 percent off all accrued interest if the Successor Agency repaid the HELP Loan by the end of 2014; and

WHEREAS, in subsequent e-mail correspondence, CalHFA confirmed that the Successor Agency could receive this early payoff discount through January 31, 2015, in recognition that the early repayment would need to be approved in ROPS 14-15B; and

WHEREAS, Code section 34180(a) states that the Oversight Board must approve the establishment of new repayment terms for outstanding loans where the terms have not been specified before the enactment of AB 26 on June 28, 2011; and

WHEREAS, the Successor Agency now proposes to undertake the early repayment of the HELP Loan per Code section 34180(a) in order to take advantage of CalHFA's offer of an early payoff discount; and

WHEREAS, as reflected in line item 17 of ROPS 14-15B, the anticipated repayment of the HELP Loan upon maturity in October 2016, including accrued interest, would be approximately \$1.48 million; and



WHEREAS, with CalHFA's early payoff discount, the repayment of the HELP Loan in January 2015 would be approximately \$1.39 million; and

WHEREAS, the local taxing entities will receive the financial benefit of the discounted interest on the HELP Loan in proportion to their pro rata shares of the semi-annual residual balance distributions of the RPTTF.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

Pursuant to Code section 34180(a), the Board approves the Successor Agency's early repayment to CalHFA of the HELP Loan, including principal and accrued interest at the discounted rate, as reflected in line item 17 of ROPS 14-15B.

PASSED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on September 10, 2014.

 
Chair, Oversight Board