

DUPLICATE OF ORIGINAL
ON FILE IN THE
OFFICE OF THE CITY CLERK
CITY OF HOLLISTER

RESOLUTION NO. 2013-02 SA

A RESOLUTION OF THE SUCCESSOR AGENCY OF THE FORMER CITY OF HOLLISTER REDEVELOPMENT AGENCY APPROVING A LOAN AGREEMENT WITH THE CITY OF HOLLISTER CITY COUNCIL TO ADVANCE FUNDS TO THE SUCCESSOR AGENCY FOR ENFORCEABLE OBLIGATIONS

WHEREAS, on February 1, 2012, pursuant to AB x1 26 (the "Dissolution Act"), the Hollister Redevelopment Agency (the "Dissolved RDA") was dissolved, along with all redevelopment agencies in the State of California, and all assets and obligations of the Dissolved RDA were transferred by operation of law to the Successor Agency; and

WHEREAS, on January 9, 2012, the City Council (the "City Council") of the City adopted a resolution accepting for the City the role of Successor Agency to the Dissolved RDA; and

WHEREAS, the Dissolution Act requires that the Successor Agency prepare a Recognized Obligation Payment Schedule ("ROPS") for each six-month period setting forth all enforceable obligations (as defined in the Dissolution Act) of the Successor Agency; and

WHEREAS, the Successor Agency prepared a ROPS for the period between January 1 and June 30, 2012 ("ROPS I"); and

WHEREAS, the Dissolution Act creates an oversight board for each redevelopment agency to oversee the wind down of the redevelopment agency ("Oversight Board"); and

WHEREAS, by Resolution 2012-03 OB, the Oversight Board for the Successor Agency approved ROPS I; and

WHEREAS, as set forth in the May 29, 2013 letter from the State Department of Finance ("DOF") to the City of Hollister regarding the Other Funds and Accounts Due Diligence Review:

\$804,781 should have been retained for payment of ROPS I expenditures but was inadvertently deposited in Low and Moderate Income Housing Fund (LMIHF) and remitted through the LMIHF DDR process. As a result, ROPS I expenditures were paid for from the City of Hollister's (City) pooled cash account. Therefore, the Agency should enter into an agreement with the City pursuant to HSC section 34173(h) to formalize the loans made by the City to the Agency for ROPS I approved enforceable obligations. This loan should be placed on a subsequent ROPS for review and approval by Finance.

WHEREAS, pursuant to the direction of the DOF, the City and the Successor Agency wish to enter into this Loan Agreement to formalize the loan of \$804,781 made from the City's pooled cash account to pay DOF approved enforceable obligations of the Successor Agency for the ROPS I time period; and

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

NOW, THEREFORE BE IT RESOLVED, that the Successor Agency hereby approves the Loan Agreement (City Advance to Successor Agency Enforceable Obligation Payments) dated July 15, 2013.


PASSED AND ADOPTED by the Successor Agency of the former City of Hollister Redevelopment Agency at a regular meeting duly held on this 15th day of July 2013, by the following vote:

AYES: Council Members Valdivia, Friend, Scattini, Gomez, and Mayor Velazquez.
NOES: None.
ABSTAINED: None.
ABSENT: None.



Ignacio Velazquez, Chairman

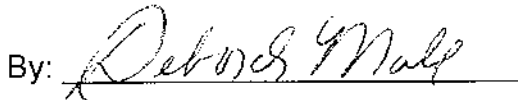
ATTEST:



Geri Johnson, City Clerk

APPROVED AS TO FORM:

Wellington Law

By: 

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**LOAN AGREEMENT
(City Advance to Successor Agency Enforceable Obligation Payments)**

This Loan Agreement (the "Loan Agreement") is made and entered into as of July 15, 2013, by and between the City of Hollister, a municipal corporation (the "City"), and the City of Hollister, acting in its capacity as the Successor Agency to the former Hollister Redevelopment Agency ("Successor Agency").

RECITALS

WHEREAS, on February 1, 2012, pursuant to AB x1 26 (the "Dissolution Act"), the Hollister Redevelopment Agency (the "Dissolved RDA") was dissolved, along with all redevelopment agencies in the State of California, and all assets and obligations of the Dissolved RDA were transferred by operation of law to the Successor Agency; and

WHEREAS, on January 9, 2012, the City Council (the "City Council") of the City adopted a resolution accepting for the City the role of Successor Agency to the Dissolved RDA; and

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WHEREAS, the Successor Agency prepared a ROPS for the period between January 1 and June 30, 2012 ("ROPS I"); and

WHEREAS, the Dissolution Act creates an oversight board for each redevelopment agency to oversee the wind down of the redevelopment agency ("Oversight Board"); and

WHEREAS, by Resolution 2012-03 OB, the Oversight Board for the Successor Agency approved ROPS I; and

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the City of Hollister's (City) pooled cash account. Therefore, the Agency should enter into an agreement with the City pursuant to HSC section 34173(h) to formalize the loans made by the City to the Agency for ROPS I approved enforceable obligations. This loan should be placed on a subsequent ROPS for review and approval by Finance.

WHEREAS, pursuant to the direction of the DOF, the City and the Successor Agency wish to enter into this Loan Agreement to formalize the loan of \$804,781 made from the City's pooled cash account to pay DOF approved enforceable obligations of the Successor Agency for the ROPS I time period; 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.

NOW, THEREFORE, in consideration of the promises and the mutual agreements herein contained, the parties hereto do hereby agree as follows. The foregoing recitals are hereby incorporated by reference and made part of this Loan Agreement.

ARTICLE I. LOAN PROVISIONS

Section 1.01 Loan.

The Successor Agency hereby agrees to repay the City the loan advances made by the City to pay Successor Agency enforceable obligations for the ROPS I period in the principal amount of Eight Hundred Four Thousand Seven Hundred Eight-One Dollars (\$804,781) (the "Loan").

Section 1.02 Interest.

(a) Interest. Interest on the Loan shall accrue as of the date the Loan funds were disbursed, continuing until such time as the Loan is repaid in full, at a rate equal to the interest rate applicable to funds on deposit in the Local Agency Investment Fund, compounded annually, effective as of the Effective Date of this Loan Agreement (as set forth in Section 3.04).

(b) Default Interest. In the event of a default under this Loan Agreement, interest on the Loan shall begin to accrue as of the date of default and continuing until such time as the Loan is repaid in full or the default is cured, at the default rate of the lesser of eight percent (8%) per annum, compounded annually (the "Default Rate") or the highest rate permitted by law.

Section 1.03 Use of Loan Funds.

The parties acknowledge that the Successor Agency has used the Loan proceeds for the purpose of paying approved enforceable obligations listed on ROPS I.

Section 1.04 Repayment of Loan.

(a) The Loan is an enforceable obligation of the Successor Agency and is payable on June 1 and January 2 of each year from the Real Property Tax Trust Fund ("RPTTF") maintained by the San Benito County Auditor-Controller for the purpose of paying enforceable obligations of the Successor Agency.

(b) The Loan shall be set forth in full as an enforceable obligation of the Successor Agency on the ROPS for the period from January 1, 2014 through June 30, 2014 (the "ROPS 13-14B"). It shall be due and payable in full from the Successor Agency's Redevelopment Obligation Retirement Fund ("RORF") following the January 2, 2014 payment to the RORF by the San Benito County Auditor-Controller. However, should the Successor Agency receive insufficient funds from the RPTTF to pay all costs shown on ROPS 13-14B, then the amount due and payable on the Loan shall equal the amount deposited into the RORF less all other costs shown on ROPS 13-14B, and the balance of any principal and interest due on the Loan shall be due and payable in full on the next ROPS.

(c) The procedure described in subsection (b) of this Section shall continue to be followed for each ROPS until the principal and interest due on the Loan are paid in full. Any remaining principal and interest due on the Loan shall continue to be shown as an enforceable obligation on each ROPS until the Successor Agency has received sufficient funds to pay all principal and interest due on the Loan.

(d) All Loan payments shall first be used to pay all accrued interest and then to reduce the principal balance.

Section 1.05 Books and Accounts; Financial Statements.

The Successor Agency will keep, or cause to be kept, proper books of record and accounts showing the use of the Loan funds, interest due on the Loan, Loan repayments, and principal and interest outstanding.

**ARTICLE II.
DEFAULT AND REMEDIES**

Section 2.01 Event of Default.

Failure by the Successor Agency to pay the principal or interest on the Loan when due and payable shall constitute a default.

Section 2.02 No Waiver.

A waiver of any default by the City shall not affect any subsequent default or impair any rights or remedies on the subsequent default.

Section 2.03 Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

**ARTICLE III.
MISCELLANEOUS**

Section 3.01 No Merger.

In entering into this Loan Agreement, the City is acting in its capacity as a municipal corporation, while the Successor Agency is acting in its capacity as the successor to the Dissolved RDA; and both the City and the Successor Agency are acting pursuant to the specific authority granted by the Oversight Board and by Health & Safety Code Sections 34173(h), 34178(a) and 34180(h) authorizing loan agreements between the City and the Successor Agency. Consequently, the parties to this Loan Agreement are not merged.

Section 3.02 Successors and Assigns.

Whenever in this Loan Agreement either the Successor Agency or the City is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Loan Agreement by or on behalf of the Successor Agency or the City shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 3.03 Amendment.

This Loan Agreement may be amended by the parties hereto but only by a written instrument signed by both parties and with the approval of the Oversight Board.

Section 3.04 Effective Date.

This Loan Agreement shall take effect upon approval by the Oversight Board and, following that approval, at the time and in the manner prescribed in Health & Safety Code Section 34179(h) (the "Effective Date").

Section 3.05 Severability.

If any Section, paragraph, sentence, clause or phrase of this Loan Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Loan Agreement. The City and the Successor Agency hereby declare that they would have adopted this Loan Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the Loan irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Loan Agreement may be held illegal, invalid or unenforceable.

IN WITNESS WHEREOF, the City of Hollister and the City of Hollister, acting as the Successor Agency to the former Hollister Redevelopment Agency, have caused this Loan Agreement to be signed by their respective officers as of the day and year first above written.

CITY OF HOLLISTER, CALIFORNIA,
a California municipal corporation ("CITY")

By:


Clint Quilter, City Manager

APPROVED AS TO FORM:

Wellington Law

By:



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Page 6 of 6

CITY OF HOLLISTER, CALIFORNIA,
a California municipal corporation, acting as the Successor Agency to the former
Hollister Redevelopment Agency ("SUCCESSOR AGENCY")

By: 
Clint Quilter, Executive Director

APPROVED AS TO FORM:

Wellington Law

By: _____