

**THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA**  
**and for Special Districts, Agencies and Authorities Governed by the Board**

Adopted this Resolution on 01/17/2012 by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**RECUSE:**



**Resolution No. 2012/22**

- 1) Approving the Fiscal Year 2011/2012 Redevelopment Agency Annual Budget;
- 2) Authorizing the Redevelopment Agency to conditionally borrow funds from County Special Revenue Funds to pay certain debt service costs; and
- 3) Authorizing the Redevelopment Agency to pay debt service on certain Agency bonds from surplus bond loan proceeds.

**I. General Recitals**

Pursuant to the California Community Redevelopment Law (constituting Part 1 of Division 24 of the California Health and Safety Code, the "Redevelopment Law"), Contra Costa County (the "County") adopted and the Contra Costa County Redevelopment Agency (the "Agency") is responsible for implementing, among others, the Redevelopment Plans for:

1. The Contra Costa Centre Redevelopment Project Area (the "Contra Costa Centre Project Area", formerly the Pleasant Hill BART Project Area), by Ordinance No. 84-30 adopted on July 10, 1984, and amended by Ordinance No. 94-62, adopted on December 6, 1994; Ordinance No. 99-04, adopted on February 23, 1999; Ordinance No. 2005-16, adopted on May 24, 2005; and Ordinance 2006-36, adopted on July 18, 2006;
2. The North Richmond Redevelopment Project Area (the "North Richmond Project Area"), by Ordinance No. 87-50 adopted on July 14, 1987, and amended by Ordinance No. 94-63, adopted on December 6, 1994; Ordinance No. 99-06, adopted on February 23, 1999; Ordinance No. 99-31, adopted on June 8, 1999; and Ordinance 2006-35, adopted on July 18, 2006;
3. The Bay Point Redevelopment Project Area (the "Bay Point Project Area"), by Ordinance No. 87-102 adopted on December 29, 1987, and amended by Ordinance No. 94-64, adopted on December 6, 1994; Ordinance No. 99-05, adopted on February 23, 1999; Ordinance No. 99-54, adopted on October 19, 1999; and Ordinance 2006-33, adopted on July 18, 2006;
4. The Rodeo Redevelopment Project Area (the "Rodeo Project Area"), by Ordinance No. 90-50 adopted on July 10, 1990, and amended by Ordinance No. 94-66, adopted on December 6, 1994; Ordinance No. 99-08, adopted on February 23, 1999; and Ordinance No. 2002-16, adopted on May 21, 2002; and
5. The Montalvin Manor Redevelopment Project area ( the "Montalvin Manor Project Area") , by Ordinance No. 2003-23 adopted on July 8, 2003; and amended by Ordinance 2006-34 adopted on July 18, 2006.

(The redevelopment plans described above are referred to herein collectively as the "Redevelopment Plans".)

Pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33100 et seq.; the "Redevelopment Law"), the Agency has established a Low and Moderate Income Housing Fund (the "Housing Fund") into which it is required to deposit 20% of all tax increment funds allocated to the Agency in any given fiscal year, to be used the purposes of increasing, improving, and preserving the community's supply of housing available at affordable housing cost to low and moderate income households, lower income households, very low income households, and extremely low income households.

To assist in the implementing of the Redevelopment Plans, the Agency, on February 23, 2010, has adopted a five-year implementation plan for the fiscal years 2009/10 through 2014/15 (the "Implementation Plan") pursuant to Section 33490 of the Redevelopment Law;

In connection with the Agency Board's consideration of this resolution, an Agency budget for the fiscal year ending June 30, 2012 ("FY 2011/12") entitled Contra Costa County Redevelopment Agency Budget – FY 2011/12 ("Proposed Budget") has been prepared to accompany this resolution as Exhibit A.

## **II. Recitals Pertaining to Adoption of the Agency Budget**

The Agency Board has conferred with the Redevelopment Director and appropriate staff in public meetings, and has deliberated and considered the Proposed Budget during public meetings; and

It is the intent of the Legislature that the Housing Fund be used to the maximum extent possible to defray the costs of production, improvement, and preservation of low and moderate income housing and that the amount of Housing Funds spent for planning and administrative activities not be disproportionate to the amount of Housing Funds spent for the costs of production, improvement or preservation of low and moderate income housing. Section 33334.3(d) of the Redevelopment Law requires the Agency Board to make an annual finding that the planning and administrative expenses of the Housing Fund are necessary for the production, improvement, or preservation of low and moderate-income housing. The Proposed Budget includes \$2,070,000 for planning and administrative costs for both housing and non-housing Agency activities, none of which is proposed to be paid from Housing Funds. The Agency administers an affordable housing program involving approximately 1,536 current units, with plans to assist approximately 250 additional units over the next five years.

The Proposed Budget includes Agency financial assistance for the public improvements generally listed and described in the various Redevelopment Plans which are incorporated herein by this reference (collectively, the "Public Improvements"), in furtherance of the Redevelopment Plans and the Implementation Plan; and

Under the Redevelopment Law, the Agency is authorized, with the consent of the Board of Supervisors, to pay for part, or all, of the costs of public improvements that are of benefit to the Project Area; and

Pursuant to the Law, before the Agency can expend money for public improvements, the Agency and the County must make specified findings pursuant to Health and Safety Code Section 33445; and

As discussed in the Proposed Budget, no other reasonable means of financing the estimated cost of the Public Improvements are available to the County or the community.

ABx1 26 (the "Dissolution Act"), significantly modifies the Redevelopment Law.

Specifically, until February 1, 2012, the Dissolution Act authorizes the Agency to, among other things, make scheduled payments on and perform obligations required under its Enforceable Obligations Payment Schedule.

The Agency Board intends to adopt the Proposed Budget as a means of funding the Enforceable Obligations Payment Schedule.

## **III. Recitals Pertaining to Borrowing from the County Special Revenue Accounts to Pay Debt Service Costs for the Bay Point and Montalvin Manor Project Areas**

The County has established a Private Activity Bond Special Revenue Account and an Affordable Housing Special Revenue Account (the "CSRA Accounts") for the purpose of funding the administration or affordable housing programs and initiatives that are increasing, improving, and preserving the County's supply of low-and moderate-income housing. Funds from the CSRA Accounts can be used to pay for costs incurred by the Agency in planning, administering or implementing affordable housing, economic development, and community improvement programs.

The County has elected to become the "successor agency" to the Agency after the Agency is dissolved.

The County would like to consider loaning funds from the CSRA Accounts to the Successor Agency to pay for specified debt service costs should they be needed following dissolution of the Agency.

The funds listed below shall be available to the Successor Agency should the County approve a future agreement to loan the funds to the Successor Agency.

1. Up to Six Hundred Seventeen Thousand Three Hundred Ninety Four Dollars (\$617,394) to fund debt service costs due August 1, 2012 for the Bay Point Project Area; and
2. Up to Ninety One Thousand Three Hundred Five Dollars (\$90,409) to fund debt service costs due August 1, 2012 for the Montalvin Manor Project Area.

Hereinafter collectively be referred to as the CSRA Loans.

## **IV. Recitals Pertaining to the Agency's Use of Excess Bond Proceeds to Pay Debt Service on Bonds**

A. The Board of Supervisors previously approved the issuance by the County of Contra Costa Public Financing Authority (the "Authority") of the following bonds:

1. The Authority's County of Contra Costa Public Financing Authority 1999 Tax Allocation Revenue Bonds (Pleasant Hill BART, North Richmond, Bay Point, Oakley and Rodeo Redevelopment Project Areas) issued and outstanding under the Indenture of Trust, dated as of March 1, 1999, between the Authority and the U.S. Bank National Association (the "1999 Bonds");
2. The Authority's County of Contra Costa Public Financing Authority 1995 Tax Allocation Revenue Bonds, Series A (North Richmond Project Area) issued and outstanding under the Indenture of Trust, dated as of June 1, 1995, between the Authority and the U.S. Bank National Association (the "North Richmond Bonds"); and
3. The Authority's County of Contra Costa Public Financing Authority 2003 Tax Allocation Revenue Bonds, Series A (Multiple Project Areas) issued and outstanding under the Indenture of Trust, dated as of August 1, 2003, between the Authority and the U.S. Bank National Association; and the Authority's County of Contra Costa Public Financing Authority 2003 Tax Allocation Revenue Bonds, Series B (Multiple Project Areas - Housing Set Aside Revenues) issued and outstanding under the Indenture of Trust, dated as of August 1, 2003, between the Authority and the U.S. Bank National Association (collectively the "2003 Bonds").

The 1999 Bonds, the North Richmond Bonds, and the 2003 Bonds are herein after collectively referred to as the "Prior Bonds."

Subsequently, the Board of Supervisors, by Resolution No. 2007-235 adopted on May 1, 2007, approved the issuance by the Authority of the following bonds:

4. Sixty Two Million Two Hundred Five Thousand Dollars (\$62,205,000) aggregate principal amount 2007 Tax Allocation Revenue Bonds, Series A (the "Series A Bonds");
5. Twenty Five Million Five Hundred Thousand Dollars (\$25,500,000 ) aggregate principal amount 2007 Tax Allocation Revenue Bonds, Series A-T (the "Series A-T Bonds");
6. Sixteen Million Six Hundred Sixty-Five Thousand Dollars (\$16,665,000) aggregate principal amount 2007 Tax Allocation Revenue Bonds, Subordinate Series B (the "Series B Bonds").

The Series A Bonds, Series A-T Bonds and Series B Bonds are herein after collectively referred to as the "2007 Bonds."

The Prior Bonds and the 2007 Bonds are herein after collectively referred to as the "Bonds."

B. The Agency and the Authority entered into the following loan agreements to make proceeds of the Bonds available to the Agency for the purpose of funding specified improvements to eliminate blight within the Project Areas:

1. North Richmond Loan Agreement dated as of May 1, 1992, as supplemented by (a) the First Supplement to North Richmond Loan Agreement, dated as of June 1, 1995, (b) the Second Supplement to North Richmond Loan Agreement, dated as of March 1, 1999, (c) the Third Supplement to North Richmond Loan Agreement, dated as of August 1, 2003, (d) the Fourth Supplement to North Richmond Loan Agreement, dated as of August 1, 2003, (e) the Fifth Supplement to North Richmond Loan Agreement, dated as of May 1, 2007, and (f) the Sixth Supplement to North Richmond Loan Agreement, dated as of May 1, 2007, and as it may from time to time be further supplemented, modified or amended in accordance with its terms (collectively the "North Richmond Loan Agreement"), under which the Authority loaned to the Agency proceeds from the sale of the Bonds in the approximate amount of Twenty-Two Million Three Hundred Thousand Dollars (\$22,300,000) (the "North Richmond Loan");
2. West Pittsburg Loan Agreement dated as of May 1, 1992, as supplemented by (a) the First Supplement to West Pittsburg Loan Agreement, dated as of December 1, 1995, (b) the Second Supplement to West Pittsburg Loan Agreement, dated as of March 1, 1999, (c) the Third Supplement to West Pittsburg Loan Agreement, dated as of August 1, 2003, (d) the Fourth Supplement to West Pittsburg Loan Agreement, dated as of August 1, 2003, (e) the Fifth Supplement to West Pittsburg Loan Agreement, dated as of May 1, 2007, and (f) the Sixth Supplement to West Pittsburg Loan Agreement, dated as of May 1, 2007, and as it may from time to time be further supplemented, modified or amended in accordance with its terms (collectively the "Bay Point Loan Agreement"), under which the Authority loaned to the Agency proceeds from the sale of the Bonds in the approximate amount of Thirty-Three Million Two Hundred Thousand Dollars (\$33,200,000) (the "Bay Point Loan");
3. The Rodeo Loan Agreement, dated as of March 1, 1999, as supplemented by (a) the First Supplement to Rodeo Loan Agreement, dated as of August 1, 2003, (b) the Second Supplement to Rodeo Loan Agreement, dated as of August 1, 2003, (c) the Third Supplement to Rodeo Loan Agreement, dated as of May 1, 2007, and (d) the Fourth Supplement to Rodeo Loan Agreement, dated as of May 1, 2007, and as it may from time to time be further supplemented, modified or amended in accordance with its terms (collectively the "Rodeo Loan Agreement"), under which the Authority loaned to the Agency proceeds

from the sale of the Bonds in the approximate amount of Sixteen Million Nine Hundred Thousand Dollars (\$16,900,000) (the "Rodeo Loan"); and

4. Montalvin Manor Loan Agreement, dated as of May I, 2007, as supplemented by the First Supplement to Montalvin Manor Loan Agreement, dated as of May I, 2007, and as it may from time to time be further supplemented, modified or amended in accordance with its terms (collectively the "Montalvin Manor Loan Agreement"), under which the Authority loaned to the Agency proceeds from the sale of the Bonds in the approximate amount of Two Million Seven Hundred Thousand Dollars (\$2,700,000) (the "Montalvin Manor Loan").

The North Richmond Loan, the Bay Point Loan, the Rodeo Loan and the Montalvin Manor Loan are hereinafter collectively referred to as the "Bond Loans."

The Bonds were issued and the Bond Loans made under the provisions of the Marks-Roos Local Bond Pooling Act of 1985 (constituting Article 4 of Chapter 5 of Division 7 of Title 1 of California Government Code) and the Redevelopment Law.

Despite efforts by the Agency to fund improvements to eliminate blight, the Agency has unspent surplus Bond Loan proceeds in the following amounts:

1. Up to Eight Million Eight Hundred Thirty-Four Thousand Nine Hundred Forty-One Dollars (\$8,834,941) in unencumbered proceeds from the North Richmond Loan (the "North Richmond Surplus Bond Loan Proceeds");
2. Up to Seven Million Eight Hundred Twenty-Four Thousand Three Hundred Ninety-Four Dollars (\$7,824,394) in unencumbered proceeds from the Bay Point Loan (the "Bay Point Surplus Bond Loan Proceeds");
3. Up to Seven Million Eight Hundred Sixty Thousand Six Hundred Fifty Dollars (\$7,860,650) in unencumbered proceeds from the Rodeo Loan (the "Rodeo Surplus Bond Loan Proceeds");
4. Up to One Million One Hundred Forty-Five Thousand Two Hundred Thirty-Nine Dollars (\$1,145,239) in unencumbered proceeds from the Montalvin Manor Loan (the "Montalvin Manor Surplus Bond Loan Proceeds");
5. Up to Two Million Eight Hundred Thirty-Two Thousand Four Hundred Four Dollars (\$2,832,404) in unencumbered proceeds from the Contra Costa Public Financing Authority Program Fund (the "Program Surplus Bond Loan Proceeds");

The North Richmond Surplus Bond Loan Proceeds, the Bay Point Surplus Bond Loan Proceeds, the Rodeo Surplus Bond Loan Proceeds, the Montalvin Manor Surplus Bond Loan Proceeds, and the Program Surplus Bond Loan Proceeds are hereinafter collectively referred to as the "Surplus Bond Loan Proceeds."

Other than the projects approved under the Proposed Budget, the Agency does not currently have or reasonably foresee any plans to undertake improvement projects that are financially feasible in the current economic climate for which the Surplus Bond Loan Proceeds would be necessary.

The reassessment of property and the economic conditions throughout the Project Areas have resulted in a reduction of tax increment revenues, and in some instances have resulted in the generation of insufficient tax increment revenue to pay debt service on the Bond Loans.

The Agency desires to use the Surplus Bond Loan Proceeds to pay debt service on the Bond Loans as necessary to fill any shortfalls in tax increment received by the Agency.

## **I. General Resolutions**

NOW, THEREFORE, BE IT RESOLVED, that the Agency Board finds the above recitals true and correct.

BE IT FURTHER RESOLVED, that the Agency Board designates the Redevelopment Director as the custodian of the documents and other material which constitute the record of proceedings upon which the decisions herein are based. These documents may be found at 2530 Arnold Drive, Suite 190, Martinez, CA 94553.

## **II. Adoption of Agency Budget**

BE IT FURTHER RESOLVED, that the Redevelopment Director is hereby directed to incorporate any amendments to the Proposed Budget, as made by the Agency Board during the meeting of January 17, 2012 for the fiscal year July 1, 2011 through June 30, 2012, into a document entitled "Contra Costa County Redevelopment Agency Budget – FY 2011/12." The adopted budget may be referred to as the "Budget," and a copy of the Budget shall be filed in the office of the County Clerk. The Agency Board hereby approves and adopts the Budget.

BE IT FURTHER RESOLVED, In accordance with 33606 of the Redevelopment law, the Agency Board does hereby find and determines that the Budget includes:

1. The proposed expenditures of the Agency;
2. No new additional issuance of bonded indebtedness by the Agency during FY 2011/12 and the continuation of existing indebtedness, including the Bond Loans;
4. The Agency's work program and goals for FY 2011/12
5. An examination of the previous year's achievements and a comparison of the achievements with the goals of the previous year's work program;
6. The Blight Progress Report;
7. The Loan Status Report;
8. The Property Status Report.

BE IT FURTHER RESOLVED, in accordance with Section 33334.3(d) of the Redevelopment Law, the Agency Board hereby finds and determines that the planning and administrative expenses of the Housing Fund paid for with Housing Fund monies, are necessary for the production, improvement, or preservation of low and moderate-income housing. This conclusion is supported by the fact that the Budget provides that no Housing Funds will be utilized to pay planning and administrative expenses in Fiscal Year 2011-2012.

BE IT FURTHER RESOLVED, in compliance with Section 33445 of the Law, the Agency hereby finds that: (a) the acquisition of the land or the installation or construction of the public improvements provided for in the Budget that are publicly owned are of benefit to the Project Area by helping to eliminate blight within the Project Area or providing housing for low- or moderate-income persons; (b) no other reasonable means of financing the acquisition of land or the installation or construction of the public improvements listed in the Agreement that are publicly owned are available to the community; and (c) the appropriation and payment of funds by the Agency for the acquisition of land or the cost of the public improvements listed in the Agreement that are publicly owned is consistent with the Agency's current Implementation Plan. These findings are based on the facts and analysis in the Staff Report incorporated in this Resolution.

### **III. Loan from County Special Revenue Accounts To Fund Bay Point and Montalvin Manor Debt Service Costs**

BE IT FURTHER RESOLVED, the the provisions of this Budget that fund the CSRA Loans from the County Private Activity Bond Special Revenue Account and the Affordable Housing Special Revenue Account to pay debt service costs due August 1, 2012 for the Bay Point and Montalvin Manor Project Areas shall take effect conditioned upon the County approving a future loan agreement with the Successor Agency.

### **IV. Use of Surplus Bond Loan Proceeds to Pay Debt Service on Bonds**

BE IT FURTHER RESOLVED, that the Agency Board hereby approves the use of Surplus Bond Loan Proceeds to make debt service payments on the Bond Loans as reasonably determined by the Redevelopment Director in consultation with bond counsel and outside redevelopment counsel.

BE IT FURTHER RESOLVED, that the Redevelopment Director of the Agency, or his designee, is authorized to implement the actions approved hereunder and to take all further actions and execute all other documents which are necessary or appropriate to carry out the effect of this resolution.

### **V. Immediate Effect**

BE IT FURTHER RESOLVED, that this Resolution shall take immediate effect from and after its passage.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

**Contact: Steve Goetz 925-335-1240**

**ATTESTED: January 17, 2012**

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

**cc:**