RESOLUTION NO. 2014-9

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY APPROVING THE USE OF ALTERNATE SOURCES OF FUNDS FOR ROPS 14-15A ENFORCEABLE OBLIGATIONS

Recitals

A. Pursuant to Section 34177(l) of the Health and Safety Code ("HSC"), the Successor Agency to the South Tahoe Redevelopment Agency (the "Successor Agency") must prepare a Recognized Obligation Payment Schedule ("ROPS") for each six-month fiscal period (commencing each January 1 and July 1), listing the estimated payment amounts for enforceable obligations and the source of funds for each such payment during such fiscal period.

B. Each ROPS must be submitted to the Oversight Board of the Successor Agency (the "Oversight Board") and the State of Department of Finance (the "DOF") for approval.

C. The Successor Agency previously prepared a ROPS ("ROPS 14-15A") covering payments for the period from July 1, 2014 to December 31, 2014 ("ROPS 14-15A Period") and submitted ROPS 14-15A to the Oversight Board and the DOF for approval.

D. On February 25, 2014, the Oversight Board adopted Resolution No. 2014-1 approving the Successor Agency's ROPS 14-15A.

E. The DOF issued its letter, dated April 3, 2014, informing the Successor Agency that the DOF has approved all of the items listed on the Successor Agency's ROPS 14-15A.

F. For ROPS 14-15A Period, the DOF approved the disbursement of $3,959,822 by the County Auditor-Controller from the Successor Agency's Redevelopment Property Tax Trust Fund (the "RPTTF") to the Successor Agency for payment of enforceable obligations (including outstanding bonded indebtedness of the former South Tahoe Redevelopment Agency) and administrative costs allowance.

G. In June 2014, the County Auditor-Controller disbursed $2,201,589 to the Successor Agency from the RPTTF (the "ROPS 14-15A RPTTF Disbursement").

H. In light of the insufficiency of the ROPS 14-15A RPTTF Disbursement to cover the enforceable obligation payments approved by the DOF for ROPS 14-15A Period, the Successor Agency needs to use funds from sources other than the RPTTF, to the extent available, to the pay for the enforceable obligations approved by the DOF for ROPS 14-15A.

I. As described below, the Successor Agency desires to use proceeds from a property sale pursuant to the Long Range Property Management Plan (the "LRPMP") and certain moneys transferred from the City of South Lake Tahoe (the "City") in light of communication from the State Controller's Office (the "SCO"), in addition to Pledged TOT Revenues (defined below) to supplement the ROPS 14-15A RPTTF Disbursement to make required payments on enforceable obligations during the ROPS 14-15A Period.

J. In April 2014, pursuant to HSC Section 34191.5, the Successor Agency submitted to the DOF an Oversight Board-approved LRPMP, which addresses the disposition of various properties of the former South Tahoe Redevelopment Agency (the "Former RDA"), including the sale of a property located at the Southwest Corner of Lake Tahoe Boulevard and Ski Run Boulevard (the "SW Corner Property") and use of such property sale proceeds for enforceable obligations.

K. The DOF issued its letter dated June 18, 2014, indicating the DOF's approval of the Successor Agency's LRPMP, which includes the use of property sale proceeds to pay enforceable obligations (Attachment 1).

L. On July 25, 2014, the Oversight Board adopted Resolution No. 2014-3 ("OB Resolution No. 2014-3"), approving: (i) the sale of the SW Corner Property to the City at the appraised value of $800,000, and (ii) the Successor Agency's use of such sale proceeds for the payment of enforceable obligations (Attachment 2).

M. The DOF issued its letter dated August 5, 2014, stating the DOF's approval of the OB Resolution No. 2014-3 (also Attachment 2).

N. Separately, on July 30, 2014, the Successor Agency received a letter from the SCO and an accompanying draft report indicating that, pursuant to the SCO's review of the Former RDA's books and records pursuant to HSC Section 34167.5, the SCO has made a preliminary finding that the Former RDA made an unallowable asset transfer to the City in the amount of $500,000 on September 30, 2011, and that the City should reverse the transfer. Such $500,000 was a repayment for a loan previously made by the City to the Former RDA – the same loan which has been recognized and re-established pursuant to Resolution No. 2014-5, adopted by the Oversight Board on July 25, 2014, and the related DOF approval letter dated September 8, 2014.

O. Even though the City disagreed with the SCO's characterization of the $500,000 repayment by the Former Agency in September 2011 as an "unallowable transfer," the City decided to transfer $500,000 back to the Successor Agency in consideration of the circumstances.

P. In light of the insufficiency of the ROPS 14-15A RPTTF Disbursement to cover the enforceable obligation payments approved by the DOF for the ROPS 14-15A Period, the Successor Agency desires to use the $800,000 of proceeds from the sale of the SW Corner Property and the $500,000 transferred back by the City for application towards enforceable obligations approved by the DOF for ROPS 14-15A.

Q. The enforceable obligations listed on ROPS 14-15A include certain bonded indebtedness (the "Bonds") incurred by the Former RDA.

R. Pursuant to the governing documents of the Bonds (collectively, the "Bond Documents"), payment of debt service on the Bonds is secured by a pledge of Tax Increment Revenues (defined below) and, to the extent that Tax Increment Revenues and other available revenues of the Successor Agency are insufficient for such debt service, Pledged TOT Revenues

(defined below) are pledged as a source *to the extent needed* for the payment of and security for the Bonds.

S. Tax Increment Revenues pledged to the Bonds include property tax revenues that were formerly known as "tax increment" and are now deposited by the County Auditor-Controller into the RPTTF.

T. Pledged TOT Revenues refer to certain transient occupancy tax revenues collected and administered by the City of South Lake Tahoe (the "City") in accordance with the Transient Occupancy Tax Administration Agreement, dated as of November 1, 1995, by and between the City and the Former Agency, as amended (the "TOT Administration Agreement").

U. According to the TOT Administration Agreement, transient occupancy tax revenues levied pursuant to Ordinance No. 868, adopted by the Former RDA on October 17, 1995, and Section 7280.5 of the California Revenue and Taxation Code, are collected by the City, and applied to the Bonds as needed and only to the extent that Tax Increment Revenues and other available Successor Agency assets are insufficient for such debt service.

V. The City uses the remaining Transient Occupancy Tax revenues for payments in connection with other debt service for certain outstanding bonds (the "2006 Authority Bonds") that were issued by the South Tahoe Joint Powers Financing Authority (the "Authority"). The 2006 Authority Bonds were issued to refund certain bonds issued in 1995 (the "1995 Authority Bonds") issued by the Authority. The proceeds of the 1995 Authority Binds were used to assist the Former RDA to finance redevelopment projects and to refund certain prior bonded debt of Former RDA; however, the 2006 Authority Bonds are not Enforceable Obligations of the Former Redevelopment Agency.

W. In light of the insufficiency of the ROPS 14-15A RPTTF Disbursement to cover the payment on the Bonds for ROPS 14-15A Period, the City and the Successor Agency determined that Pledged TOT Revenues, in the amount of $558,233, are to be used for debt service payment on the Bonds pursuant to the TOT Administration Agreement and the Bond Documents during the ROPS 14-15A Period.

X. The Oversight Board has received a copy of Resolution No. 2014-9 (Attachment 4) adopted by the Board of Directors of the Successor Agency on October 21, 2014, requesting the Oversight Board to: (i) affirm the Successor Agency's use of funds the $800,000 of proceeds from the sale of the SW Corner Property to pay enforceable obligations approved by the DOF for ROPS 14-15A, (ii) approve the Successor Agency's use of the $500,000 transferred back by the City (as described in the recitals above) to pay enforceable obligations approved by the DOF for ROPS 14-15A, and (iii) acknowledge and ratify the Successor Agency's use of $558,233 of Pledged TOT Revenues to pay debt service on the Bonds during ROPS 14-15A Period.

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NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE SOUTH TAHOE REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The foregoing recitals, and each of them, are true and correct.

Section 2. The Oversight Board hereby: (i) affirms the Successor Agency's use of funds the $800,000 of proceeds from the sale of the SW Corner Property to pay enforceable obligations approved by the DOF for ROPS 14-15A, (ii) approves the Successor Agency's use of the $500,000 transferred back by the City (as described in the recitals above) to pay enforceable obligations approved by the DOF for ROPS 14-15A, and (iii) acknowledges and ratifies the Successor Agency's use of $558,233 of Pledged TOT Revenues to pay debt service on the Bonds during ROPS 14-15A Period.

Section 3. The members of this Oversight Board and the officers of the Successor Agency are hereby authorized, jointly and severally, to do such things, including the execution and delivery of written instruments, which they may deem necessary or proper to effectuate the purposes of this Resolution.

PASSED AND ADOPTED by the Oversight Board to the Successor Agency to the South Tahoe Redevelopment Agency at a duly noticed meeting held on November 14, 2014, by the following vote:

AYES: Board Member(s) COLE, BAUGH, KERRY, MIKULACO, MURILLO & VOGELGESANG

NOES: Board Member(s) _____

ABSENT: Board Member(s) MEYERS

ABSTAIN: Board Member(s) _____

Hal Cole

Hal Cole, Chairperson

ATTEST:

Ellen Palazzo

Ellen Palazzo, Clerk of the Board

Attachments to Resolution and Incorporated by Reference:

1. DOF letter dated June 18, 2014 approving the Successor Agency's LRPMP, which includes the use of property sale proceeds to pay enforceable obligations
2. DOF letter dated August 5, 2014, approving Oversight Board Resolution No. 2014-3 adopted July 25, 2014 approving sale of Southwest Corner and utilizing proceeds from sale to pay Enforceable Obligations
3. DOF Letter dated September 8, 2014, approving Oversight Board Resolution 2014-5 adopted July 25, 2014 approving loan between City and RDA
4. Successor Agency Resolution No. 2014-9 requesting the Oversight Board take these actions described herein this Oversight Board Resolution