

RESOLUTION NUMBER R- 310014DATE OF FINAL PASSAGE OCT 15 2015

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO RESCINDING PARAGRAPH 3 OF RESOLUTION NO. R-291104 AND REINSTATING THE CITY OF SAN DIEGO'S ELECTION IN RESOLUTION NO. R-279727 TO RECEIVE CERTAIN PASS-THROUGH PROPERTY TAX REVENUE FROM THE CITY HEIGHTS REDEVELOPMENT PROJECT AREA UNDER CALIFORNIA HEALTH AND SAFETY CODE SECTION 33676.

WHEREAS, from its formation in 1958 until its elimination on February 1, 2012, the 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, the Former RDA dissolved as of February 1, 2012, in accordance with a deadline for elimination of all redevelopment agencies throughout California set forth in Assembly Bill x1 26 (AB 26), as modified by the California Supreme Court in *California Redevelopment Assn. v. Matosantos*, 53 Cal. 4th 231 (2011); and

WHEREAS, pursuant to Resolution No. R-307238 adopted by the City Council effective January 12, 2012, the City of San Diego, solely in its capacity as the designated successor agency to the Former RDA (Successor Agency), elected to serve as the successor agency to the Former RDA; and

WHEREAS, at the time of the Former RDA's dissolution on February 1, 2012, the Successor Agency became vested with all of the Former RDA's authority, rights, powers, duties, and obligations under the California Community Redevelopment Law and, by operation of law,

received all assets, properties, contracts, leases, books and records, buildings, and equipment of the Former RDA; and

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

WHEREAS, the Dissolution Laws require the San Diego County Auditor-Controller (County Auditor) to collect incremental property tax revenue generated in the City's redevelopment project areas (formerly known as tax increment revenue), to deposit this revenue into the Redevelopment Property Tax Trust Fund (RPTTF), and to allocate the RPTTF to various entities, including the local taxing entities and the Successor Agency, on a semi-annual basis as prescribed by California Health and Safety Code (Code) section 34183; and

WHEREAS, at the time of its dissolution, the Former RDA administered 14 redevelopment project areas throughout the City, including the City Heights Redevelopment Project Area (Project Area); and

WHEREAS, the City Council adopted Ordinance No. O-17768 effective May 11, 1992, approving the Redevelopment Plan for the Project Area and other actions related to the formation of the Project Area; and

WHEREAS, the City Council adopted Resolution No. R-279727 effective April 6, 1992 (1992 Resolution), electing pursuant to Code section 33676(a) to allocate to the City certain property tax revenue (33676 Amounts), attributable to the annual inflationary increase of up to two percent in property tax assessments for the Project Area, that otherwise would have been allocated as tax increment revenue to the Former RDA; and

WHEREAS, the City Council adopted Resolution No. R-291104 effective December 8, 1998 (1998 Resolution), electing pursuant to Code section 33676(d) to have the City temporarily suspend its allocation of the 33676 Amounts and to allow the 33676 Amounts to be allocated instead to the Former RDA to support its ability to pay debt service obligations under two series of City Heights redevelopment bonds issued in 1999 in the aggregate principal amount of approximately \$15.8 million (collectively, 1999 City Heights Bonds); and

WHEREAS, the Former RDA subsequently issued four other series of City Heights redevelopment bonds in the aggregate principal amount of approximately \$78.7 million (collectively, Additional City Heights Bonds), although one of those bond series in the principal amount of approximately \$58.6 million is a pooled bond series secured by a pledge of tax increment revenue from multiple redevelopment project areas, of which City Heights revenue accounts for approximately 21 percent of the bond debt service payments; and

WHEREAS, City staff has determined that the significant growth in incremental property tax revenue in the Project Area since the City Council's adoption of the 1998 Resolution signifies that, even if the Successor Agency is no longer allocated the 33676 Amounts in the semi-annual RPTTF distributions, the Successor Agency will have more than sufficient property tax revenue to pay all debt service obligations with respect to the 1999 City Heights Bonds and the Additional City Heights Bonds, as well as any new refunding bonds that may replace such bonds (collectively, City Heights Bond Obligations); and

WHEREAS, in addition, the security for repayment of the City Heights Bond Obligations is much greater than at the time of the City Council's adoption of the 1998 Resolution because the Dissolution Laws allow the incremental property tax revenue generated in all of the City's 14 redevelopment project areas, not only the Project Area, to be deposited into the RPTTF and

made available to pay approved enforceable obligations, including the City Heights Bond Obligations; and

WHEREAS, based on the present circumstances, City staff has recommended that the City Council rescind Paragraph 3 of the 1998 Resolution, which is the language by which the City Council temporarily suspended the City's allocation of the 33676 Amounts, and that the City Council thereby reinstate the City's allocation of the 33676 Amounts generated from the Project Area in accordance with the original intent of the 1992 Resolution; and

WHEREAS, once this Resolution is implemented, the County Auditor's semi-annual RPTTF distribution of pass-through payments to the local taxing entities under Code section 34183(a)(1) will include an allocation to the City of the 33676 Amounts generated from the Project Area; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego (Council), as follows:

1. The Council rescinds Paragraph 3 of the 1998 Resolution and thereby reinstates the original effect of the 1992 Resolution entitling the City to be allocated all of the 33676 Amounts generated from the Project Area on a going-forward basis.
2. Notwithstanding the foregoing, the City's allocation of the 33676 Amounts shall be subordinate to the lien on property tax revenues in the Project Area previously granted for payment of principal and interest on the City Heights Bond Obligations. City staff is hereby directed to take any and all actions necessary to effectuate such subordination in the event of an insufficiency of property tax revenues to pay the City Heights Bond Obligations.

3. The Mayor, or designee, is authorized to transmit a copy of this Resolution to the County Auditor and to take all actions necessary and appropriate to carry out and implement the purposes of this Resolution.

APPROVED: JAN I. GOLDSMITH, City Attorney

By Kevin Reisch  
Kevin Reisch  
Chief Deputy City Attorney

KJR:nja  
09/23/15  
09/25/15 Cor. Copy  
Or.Dept: Debt Mgmt.  
Document No. 1116089  
Comp. R-2016-151

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of OCT 06 2015

ELIZABETH S. MALAND  
City Clerk

By Elizabeth Maland  
Deputy City Clerk  
Kevin L. Faulconer  
KEVIN L. FAULCONER, Mayor

Approved: 10/12/15  
(date)

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on OCT 06 2015, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherrri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Date of final passage OCT 15 2015

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

(Seal)

KEVIN L. FAULCONER  
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

By *City Clerk*, Deputy

Office of the City Clerk, San Diego, California

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