RESOLUTION NO. OB-15

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF CORONADO, RATIFYING THE ACTION BY THE CITY COUNCIL, REPRESENTING THE CITY AND SUCCESSOR AGENCY, TO TERMINATE THE U.S. OCEANICS LOAN AND DOCK A&B LOANS BETWEEN THE CITY AND THE SUCCESSOR AGENCY

WHEREAS, the California State Legislature enacted Assembly Bill xl 26 (the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.);* and

WHEREAS, on January 10, 2012 and pursuant to Health and Safety Code Section 34173, the City Council of the City of Coronado (the "City Council") declared that the City of Coronado, a general law city (the "City"), would act as the successor agency (the "Successor Agency") for the dissolved Community Development Agency of the City of Coronado (the "Former CDA,,) effective February 1, 2012; and

WHEREAS, on February 1, 2012, the Former CDA was dissolved pursuant to Health and Safety Code Section 34172; and

WHEREAS, the Dissolution Act provides for the appointment of an oversight board (the "Oversight Board") with specific duties to approve certain Successor Agency actions pursuant to Health and Safety Code Section 34180 and to direct the Successor Agency in certain other actions pursuant to Health and Safety Code Section 34181; and

WHEREAS, the Successor Agency is charged with expeditiously winding down the affairs of the Former CDA pursuant to Section 34177(h) of the Health & Safety Code; and WHEREAS, on September 7, 1999, the Former CDA Board adopted Resolution 7660 authorizing the Former CDA to purchase the leasehold interest of the 1962 Master Lease from U.S. Oceanics, LLC for the purchase price of $3.2 million, which was funded by a loan from the City's General Fund;

WHEREAS, because the Former CDA deferred making loan payments until such time as there was sufficient cash flow from the leased property, the outstanding loan amount is now approximately $8.5 million, and it was anticipated that the Former CDA would begin making loan payments in December 2013; and

WHEREAS, the Former CDA received a second loan from the City, made in 2006, for the purpose of reconstructing Docks A and B and the marina building, with principal and interest totaling approximately $4.8 million, and the CDA has been making annual debt service payments on this second loan; and

WHEREAS, the original 1962 lease purchased by the Former CDA expired on November 4, 2011, and the Port District converted said lease to a month-to-month tenancy; and

WHEREAS, the Port District and the City negotiated a new lease for a 40-year term, which became effective July 1, 2012; and

WHEREAS, the Successor Agency will no longer receive any rents and slip fee revenue because the original lease expired under its own terms; and

WHEREAS, on August 21, 2012, the City Council, representing the City and Successor Agency, terminated the U.S. Oceanics Loan and the Dock A&B Loan between the City and the Successor Agency, and the remaining loan balances were forgiven in exchange for the return of the estimated $1.4 million of revenues collected from the restaurant and marina under the prior lease to the City; and

WHEREAS, in compliance with additional requirements of the Dissolution Act, the City Council, acting as the Governing Board of the Successor Agency desires to make a request to the Oversight Board to ratify the Successor Agency's action to terminate the U.S. Oceanics Loan and the Dock A&B Loan between the City and the Successor Agency and to return the estimated $1.4 million of revenues collected from the restaurant and marina under the prior lease to the City as payment under the loan in exchange for forgiveness of the remaining loan balances; and

WHEREAS, this request has been submitted by the Successor Agency to the Oversight Board for the Oversight Board's ratification in accordance with the Dissolution Act; and

WHEREAS, the accompanying staff report provides supporting information upon which the actions set forth in this Resolution are based.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board of the Successor Agency hereby finds, resolves, and determines that that the foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

BE IT FURTHER RESOLVED that the Oversight Board of the Successor Agency, hereby ratifies the Successor Agency's action to terminate the U.S. Oceanics Loan and the Dock A&B Loan between the City and the Successor Agency and to return the estimated $1.4 million of revenues collected from the restaurant and marina under the prior lease to the City as payment under the loan in exchange for forgiveness of the remaining loan balances.

BE IT FURTHER RESOLVED that the Oversight Board finds that the termination of the U.S. Oceanics Loan and the Dock A&B Loan between the City and the Successor Agency is consistent with the Successor Agency's obligation to expeditiously wind down the affairs of the Former CDA and is in the best interests of the taxing entities.

BE IT FURTHER RESOLVED that the Oversight Board finds that the public interest is served by providing a mechanism for the City's General Fund to be reimbursed for the monies loaned to the Fonner CDA. The public has benefited from the completion of the Glorietta Bay Master Plan improvements, the rehabilitation of the dilapidated properties, and the control of future development of the leasehold area that would not otherwise have occurred without these loan

agreements. No public benefit is obtained by denying the City reimbursement for the funds contributed to these projects and thereby limiting City services in the future due to diminished

BE IT FURTHER RESOLVED that nothing in this Resolution shall abrogate, waive, impair or in any other manner affect the right or ability of the City, as a municipal corporation, to initiate and prosecute any litigation with respect to any agreement or other arrangement between the City and the Fonner CDA, including, without limitation, any litigation contesting the purported invalidity of such agreement or arrangement pursuant to the Dissolution Act.

BE IT FURTHER RESOLVED that this Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

PASSED AND ADOPTED this 27th day of August, 2012, at a special scheduled meeting of the Oversight Board of the Successor Agency for the Community Development Agency of the City of Coronado by the following vote:

AYES:	ALLEN, HUCK, KING, METZ, ROESCH, WALKER
NAYS:	NONE
ABSTAIN:	NONE
ABSENT:	OCHENDUSZKO

L. W. HUCK, Chair

ATTEST:

Linda Hascup, CMC
City Clerk