

GARDEN GROVE OVERSIGHT BOARD

RESOLUTION NO. 37-14

A RESOLUTION OF THE OVERSIGHT BOARD TO THE CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING JUDGMENT ISSUED IN ORANGE COUNTY SUPERIOR COURT CASE NO. 30-2009-00291597 *MARINA LIMON, ET AL. V. GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT*

WHEREAS, the Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") is a public body corporate and politic, organized, and operating under Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code, and the successor of the former Garden Grove Agency for Community Development ("Former Agency") that was previously a community redevelopment agency organized and existing pursuant to the Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* ("CRL");

WHEREAS, Assembly Bill x1 26 ("AB x1 26") added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code and such laws were modified, in part, and determined constitutional by the California Supreme Court in the petition *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 ("Matosantos Decision"), which laws and court opinion caused the dissolution of all redevelopment agencies and winding down of the affairs of former redevelopment agencies; thereafter, such laws were amended further by Assembly Bill 1484 ("AB 1484") and other subsequent legislation (together "Dissolution Act"). All statutory references herein are to the Health and Safety Code of the Dissolution Act unless otherwise stated;

WHEREAS, as of February 1, 2012, the Former Agency was dissolved pursuant to the Dissolution Act and the Successor Agency, as a separate public entity, corporate and politic, administers the enforceable obligations of the Former Agency and otherwise unwinds the Former Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board");

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the affected taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act;

WHEREAS, Section 34177(a) permits the Successor Agency to make payments due for enforceable obligations;

WHEREAS, Section 34177(l) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period that lists its Enforceable Obligations;

WHEREAS, the Former Agency was party defendant/respondent in that certain legal action filed in August 2009 in Superior Court, County of Orange, Case No. 30-2009-00291597, *Marina Limon, et al. v. Garden Grove Agency for Community Development* ("Limon Action");

WHEREAS, the Plaintiffs' primary allegations in the Limon Action were against the Former Agency relating to relocation assistance and benefits to prior occupants of the former Travel Country RV Park, and replacement and inclusionary/production affordable housing issues, all of which were associated with the Water Park Hotel Project, an enforceable obligation approved by the State Department of Finance ("DOF") pursuant to the Dissolution Act, and, as such, the Limon Action is also an enforceable obligation;

WHEREAS, after court-ordered mediation and settlement conferences the Limon Action was settled and resolved by that certain "Stipulation to Substitute Party and for Entry of Interlocutory Judgment" ("Judgment");

WHEREAS, the Judgment includes various obligations and conditions to funding through the Dissolution Act, in particular funding through the Recognized Obligation Payment Schedule ("ROPS") and the Redevelopment Property Tax Trust Fund ("RPTTF") process, including without limitation the following:

- The amounts the Successor Agency is obligated to pay pursuant to the terms of the Judgment are to be included as an enforceable obligation of the Successor Agency on certain applicable ROPS; and
- Under the Judgment for ROPS 14-15B, (i) full amount of the relocation assistance due to the Limon Action plaintiffs, and (ii) the full amount of attorneys' fees for plaintiffs' counsels (\$795,000 plus 7% interest from date of Judgment) were required to be listed on 14-15B ROPS and submitted to DOF by October 3, 2014.
- The Successor Agency is to list on ROPS 15-16B amounts for certain replacement housing units so that development of such units can be completed four years from entry of the Judgment.
- The Judgment provides that the obligations are of the Former Agency (not the City or Garden Grove Housing Authority) that arose prior to enactment of the Dissolution Act; thus, the Successor Agency's liability for amounts owed under the Judgment are limited to funding provided through the RPTTF and ROPS process and the value of assets received by the Successor Agency and the Housing Successor and the Successor Agency is required to list the obligations of the Judgment on all ROPS until all obligations are satisfied.

WHEREAS, the Successor Agency listed both items ((i) and (ii) in the second bullet point above) on ROPS 14-15B and this Oversight Board approved ROPS 14-15B by Resolution in September 2014;

WHEREAS, the DOF's issued its initial decision letter on November 7, 2014, for ROPS 14-15B, which states the Judgment itself is to be reviewed and approved by the Oversight Board;

WHEREAS, the Judgment is an order of the Superior Court, County of Orange to the Successor Agency, and while the Successor Agency has taken the actions required for ROPS 14-15B pursuant to the Judgment, the DOF has directed this additional step not set forth or required in the Judgment, i.e., for the Oversight Board to consider and take action to approve the Judgment;

WHEREAS, the Successor Agency staff has presented the background and information to the Oversight Board about the Limon Action and the Judgment, and by this Resolution the Oversight Board desires to approve the Judgment;

WHEREAS, pursuant to Section 34173(g), "[a]ll litigation involving a redevelopment agency shall automatically be transferred to the successor agency";

WHEREAS, Pursuant to Section 34171(d)(1)(D) and (F) a court judgment and litigation expenses are expressly included in the definition of "enforceable obligation":

"(D) *Judgments* or settlements entered by a competent court of law or binding arbitration decisions against the former redevelopment agency, ...

(F) ...agreements concerning litigation expenses related to assets or obligations, settlements and *judgments*, ..." (Emphasis added.); and

WHEREAS, the Oversight Board directs and authorizes the Successor Agency to transmit this Resolution and the Judgment to the State Department of Finance pursuant to the Dissolution Act.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT:

Section 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves the Judgment, a true copy of which is appended to this Resolution as Attachment 1.

Section 3. The Successor Agency is directed to transmit this Resolution with the Judgment to the DOF for review pursuant to Sections 34179(h) and 34181(f) of the Dissolution Act and for DOF's approval of funding of the obligations pursuant to the Judgment issued by the Superior Court, County of Orange, for funding through the RPTTF for ROPS 14-15B, and for the DOF to provide written confirmation determining the Judgment is an enforceable obligation of the Successor Agency.

Section 4. Pursuant to Section 34179(h), as amended by Assembly Bill 1484, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF, unless the DOF requests a review.

Section 5. This Resolution shall be effective immediately upon adoption.


Section 6. The Secretary to the Oversight Board shall certify to the adoption of this Resolution.

The foregoing Resolution was adopted by the Oversight Board this 12th day of November 2014.

ATTEST:



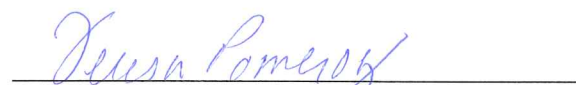
WILLIAM J. DALTON
CHAIR


TERESA POMEROY, CMC
DEPUTY SECRETARY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS:
CITY OF GARDEN GROVE)

I, TERESA POMEROY, Deputy Secretary of the Oversight Board to The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development, do hereby certify that the foregoing Resolution was adopted by the Oversight Board, at a Regular Meeting held on the 12th day of November 2014, by the following vote:

AYES: MEMBERS: (4) DELP, GUERRERO, JONES, DALTON
NOES: MEMBERS: (0) NONE
ABSENT: MEMBERS: (3) DUNN, MEFFORD, HARRIS
ABSTAIN: MEMBERS: (0) NONE


TERESA POMEROY, CMC
DEPUTY SECRETARY