

**City Of Garden Grove**

**INTER-DEPARTMENT MEMORANDUM**

***Garden Grove City Council  
and  
Garden Grove Agency for Community Development***

To: Matthew Fertal From: Economic Development  
Dept: City Manager/Director Dept:  
Subject: RESOLUTIONS REGARDING Date: September 13, 2011  
REQUIREMENT ASSOCIATED  
WITH ABX1-26 AND ABX1-27

**OBJECTIVE**

The purpose of this report is for the City Council (the "City") and Garden Grove Agency for Community Development (the "Agency") to consider adopting resolutions to meet the requirements of ABx1-26 (Redevelopment Agency Dissolution) and ABx1-27 (Alternative Voluntary Redevelopment Program).

**BACKGROUND/DISCUSSION**

On July 12, 2011, the City Council enacted an ordinance pursuant to ABx1-27, which allowed the Garden Grove Agency for Community Development to continue to operate under the Alternative Voluntary Redevelopment Program.

Subsequently, on August 15, 2011 the California Redevelopment Association and the League of California Cities filed a lawsuit against the State of California claiming ABx1-26 and ABx1-27 are unconstitutional. As a result, the Supreme Court placed a stay on ABx1-27 and a partial stay on ABx1-26. The stay on ABx1-27 essentially puts a hold on any new redevelopment activity even though the City opted-in to the Alternative Voluntary Redevelopment Program. Additionally, because there is only a partial stay on ABx1-26 the City and Agency now must comply with its provisions.

Pending the outcome of the lawsuit in mid-January 2012, the City and Agency are in the process of meeting the requirements of both bills in an effort to be in the best possible position for whatever decision is ultimately made by the State Supreme Court.

The City Council is requested to consider a resolution in which it elects to act as the "successor agency" to the Garden Grove Agency for Community Development should ABx1-26 and not ABx1-27 survive the lawsuit; and approves the Agreement to Transfer Tax Increment, which will be needed if both ABx1-26 and ABx1-27 survive the lawsuit.

RESOLUTIONS PERTAINING TO ABX1-26 AND ABX1-27

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The Agency is requested to consider a resolution that acknowledges that the City will elect to be the "Successor Agency;" adopt an Initial Recognized Obligation Payment Schedule (IROPS) and transmit the IROPS to the City; and approve the Agreement to Transfer Tax Increment between the City and Agency.

FINANCIAL IMPACT

None.

RECOMMENDATIONS

Staff recommends:

- The City Council adopt the attached resolution electing to serve as the successor agency to the Garden Grove Agency for Community Development, accepting transmittal of an Initial Recognized Obligation Payment Schedule, approving an Agreement to transfer tax increment between the Agency and the City, and making certain findings in connection therewith; and
- The Agency adopt the attached resolution adopting an Initial Recognized Obligation Payment Schedule, transmitting such schedule to the City, approving an Agreement to Transfer Tax Increment between the Agency and the City of Garden Grove, and making certain findings in connection therewith.
- Authorize the City Manager/Director to execute the Agreement to Transfer Tax Increment.



Jim DellaLonga  
Sr. Project Manager/Dept. Administrative Officer

Attachment 1: City Resolution

Attachment 2: Agency Resolution

Attachment 3: Agreement to Transfer Tax Increment

**Recommended for Approval**



**Matthew Ferial**  
City Manager

## RESOLUTION NO. \_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE  
ELECTING TO SERVE AS THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY  
FOR COMMUNITY DEVELOPMENT, ACCEPTING TRANSMITTAL OF AN INITIAL  
RECOGNIZED OBLIGATION PAYMENT SCHEDULE, APPROVING AN AGREEMENT TO  
TRANSFER TAX INCREMENT BETWEEN THE AGENCY AND THE CITY OF GARDEN  
GROVE, AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH**

**WHEREAS**, the Garden Grove Agency for Community Development ("Agency") is a community redevelopment agency organized and existing under the California Community Redevelopment Law, Health and Safety Code Sections 33000, *et seq.* ("CRL") and has been authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council ("City Council") of the City of Garden Grove ("City");

**WHEREAS**, the existing Garden Grove Community Project and Buena Clinton Project and the boundaries of the Community Project Area and the Buena Clinton Project Area were duly established by various ordinances of the City Council, which ordinances approved the Redevelopment Plans for the Garden Grove Community Project and Buena Clinton Project, as amended, all in compliance with all requirements of the CRL;

**WHEREAS**, AB1X 26 and AB1X 27 are trailer bills to the 2011-12 budget bills and were approved by both houses of the Legislature on June 15, 2011, signed by the Governor on June 28, 2011, and chaptered on June 29, 2011 (together, "2011 Redevelopment Legislation"); and

**WHEREAS**, Parts 1.8, 1.85, and 1.9 of Division 24 of the Health and Safety Code were added to the CRL by the 2011 Redevelopment Legislation and such measures purported to become effective immediately;

**WHEREAS**, Part 1.8 of the CRL ("Part 1.8") provides for the restriction of activities and authority of the Agency in the interim period prior to dissolution to certain "enforceable obligations" and to actions required for the general winding up of affairs, preservation of assets, and certain other goals delineated in Part 1.8;

**WHEREAS**, Part 1.85 of the CRL ("Part 1.85") provides for the statewide dissolution of all redevelopment agencies, including the Agency, as of October 1, 2011, and provides that, thereafter, a successor agency will administer the enforceable obligations of the Agency and otherwise wind up the Agency's affairs, all subject to the review and approval by an oversight committee;

**WHEREAS**, Part 1.9 of the CRL ("Part 1.9") provides that a redevelopment agency may continue in operation if a city or county that includes a redevelopment agency adopts an ordinance agreeing to comply with and participate in the Voluntary Alternative Redevelopment Program established in Part 1.9 ("Program");

**WHEREAS**, the City is aware that the validity, passage, and applicability of the 2011 Redevelopment Legislation are the subject of judicial challenge(s), including the action: *California Redevelopment Association, et al v. Ana Matosantos, et al*;

**WHEREAS**, on August 11, 2011, the California Supreme Court issued a stay as to Parts 1.85 and 1.9, but not as to Part 1.8;

**WHEREAS**, Section 34169(h) of the CRL, which was added to the CRL by AB1X 26 and is located in Part 1.8 of the CRL, requires the Agency to prepare an Initial Recognized Obligation Payment Schedule, no later than September 30, 2011, and provide it to the successor agency, if a successor agency is established pursuant to Part 1.85 (commencing with Section 34170);

**WHEREAS**, while Part 1.85 (which provides for the dissolution of redevelopment agencies and the creation of successor agencies) and Part 1.9 (which authorizes the City to opt into the Program) are both stayed by order of the California Supreme Court, Part 1.8, specifically including Section 34169 of the CRL, currently remains in full force and effect;

**WHEREAS**, the City desires to confirm its election to become the successor agency in the event the Agency is dissolved;

**WHEREAS**, by Resolution adopted concurrently with this Resolution, the Agency has adopted an Initial Recognized Obligation Payment Schedule ("IROPS") and has directed the Agency Director to transmit the IROPS to the City, as required by Section 34169(h) of the CRL;

**WHEREAS**, the City desires to accept the transmittal of the IROPS; and

**WHEREAS**, each city and county electing to participate in the Program, as a condition of its redevelopment agency's continued existence and operation, is required to make certain annual remittances ("Program Remittances") to the County Auditor-Controller ("CAC") pursuant to Chapter 3 of Part 1.9, beginning with a larger upfront remittance for FY 2011-12 ("First Remittance"), to be paid in two equal installments on January 15, 2012, and May 15, 2012;

**WHEREAS**, the City expects it will have sufficient moneys and revenues to fund an amount equal to the City's payment of the First Remittance and further expects to have sufficient moneys and revenues to fund the subsequent annual remittances required by Part 1.9; and

**WHEREAS**, the City has adopted the Ordinance required by Part 1.9, in order to allow the Agency to continue in operation and perform its functions;

**WHEREAS**, the City and Agency desire to enter into an agreement pursuant to CRL Section 34194.2 whereby the Agency shall make an initial transfer of a portion of its tax increment to the City in an amount equal the First Remittance, and thereafter transfer amounts of tax increment equal to any subsequent remittance which the City is required to make to the CAC pursuant to the City's participation in the Program ("Agreement to Transfer Tax Increment");

**WHEREAS**, the City, by the adoption of this Resolution, does not represent, disclaim, or take any position whatsoever on the issue of the validity of AB1X 26 or AB1X 27, but rather the City seeks to comply with the Constitution and Laws of the State of California, in order to preserve the ability of the Agency to continue to operate and thereby benefit the community;

**WHEREAS**, the dissolution of the Agency would be detrimental to the health, safety, and economic well-being of the residents of the city and cause irreparable harm to the community, because, among other reasons, the redevelopment activities and projects made possible, implemented, and funded by the Agency are highly significant and of enduring benefit to the community and the city, and are a critical component of its future; and

**WHEREAS**, the City has duly considered all other related matters and has determined that the City's election to serve as successor agency to the Agency, acceptance of the IROPS, and approval and execution of the Agreement to Transfer Tax Increment is in the best interests of the city and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GARDEN GROVE:**

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. The City Council hereby elects to serve as the successor agency to the Agency in the event the Agency is dissolved for any reason, including due to Part 1.85 of the CRL being upheld and determined to be valid and Part 1.9 of the CRL being declared and determined to be invalid by final and binding decision of a competent court with jurisdiction, including the California Supreme Court.

Section 3. The City Council hereby accepts transmittal of the IROPS by the Agency pursuant to Section 34169(h) of the CRL.

Section 4. The City Council hereby approves that certain Agreement to Transfer Tax Increment in substantially the form attached hereto as Attachment No. 1 and incorporated herein, with such changes mutually agreed upon by the City Manager, the Agency Director, the City Attorney and the Agency's Counsel, respectively, as are minor and in substantial conformance with the form of the Agreement to Transfer Tax Increment submitted herewith. The City Manager and the City Clerk are hereby authorized to execute and attest the Agreement to Transfer Tax Increment on behalf of the City. In such regard, the City Manager (or his duly authorized representative) is authorized to sign the final version of the Agreement to Transfer Tax Increment after completion of any such non-substantive, minor revisions. Copies of the final form of the Agreement to Transfer Tax Increment, when duly executed and attested, shall be placed on file in the office of the City Clerk. Further, the City Manager (or his duly authorized representative) is authorized to implement the Agreement to Transfer Tax Increment and take all further actions and execute all documents referenced therein and/or necessary and appropriate to implement the purposes of the Agreement to Transfer Tax Increment. The City Manager (or his duly authorized representative) is hereby authorized to the extent necessary during the implementation of the Agreement to Transfer Tax Increment to make technical or minor changes, modifications, amendments, and interpretations thereto after execution, as necessary to properly implement and carry out the Agreement to Transfer Tax Increment; provided any and all such changes shall not in any manner materially affect the rights and obligations of the City thereunder.

Section 5. The City Attorney is hereby authorized, to the greatest extent permitted by law, to bring an action or appear in an action brought in the Superior Court pursuant to Sections 33500 and 33501 of the CRL to determine the validity of the Agreement to Transfer Tax Increment, or the validity of

any bonds contemplated to be issued by the Agency or other material contracts of the Agency, or any findings of the City Council related thereto, upon the determination of the City Manager that such action is reasonably necessary or appropriate to facilitate the consummation of any Agency transaction for which City Council approval has been given.

Section 6. This Resolution shall in no way be construed as requiring the City (or the Agency) to abide by the 2011 Redevelopment Legislation in the event either, or both, bills are found unconstitutional or otherwise legally invalid in whole or in part, nor shall this Resolution effect or give rise to any waiver of rights or remedies the City (and/or the Agency) may have, whether in law or in equity, to challenge 2011 Redevelopment Legislation. This Resolution shall not be construed as the City's (and/or the Agency's) willing acceptance of, or concurrence with the 2011 Redevelopment Legislation, either AB1X 26 or AB1X 27; nor does this Resolution evidence any assertion or belief whatsoever on the part of the City (and/or Agency) the 2011 Redevelopment Legislation is constitutional or lawful.

Section 7. This Resolution shall be effective immediately upon adoption.

Section 8. The City Clerk shall certify to the adoption of this Resolution.

**ATTACHMENT NO. 1**

**AGREEMENT TO TRANSFER TAX INCREMENT**

**[Attached on following pages.]**

**GARDE GROVE AGENCY FOR COMMUNITY DEVELOPMENT**

**RESOLUTION NO. \_\_\_\_**

**A RESOLUTION OF THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT  
ADOPTING AN INITIAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE OF GARDEN  
GROVE, TRANSMITTING SUCH SCHEDULE TO THE CITY, APPROVING AN  
AGREEMENT TO TRANSFER TAX INCREMENT BETWEEN THE AGENCY AND THE CITY  
OF GARDEN GROVE, AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH**

**WHEREAS**, the Garden Grove Agency for Community Development ("Agency") is a community redevelopment agency organized and existing under the California Community Redevelopment Law, Health and Safety Code Sections 33000, *et seq.* ("CRL") and has been authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council ("City Council") of the City of Garden Grove ("City");

**WHEREAS**, the existing Garden Grove Community Project and Buena Clinton Project and the boundaries of the Community Project Area and the Buena Clinton Project Area were duly established by various ordinances of the City Council, which ordinances approved the Redevelopment Plans for the Garden Grove Community Project and Buena Clinton Project, as amended, all in compliance with all requirements of the CRL;

**WHEREAS**, AB1X 26 and AB1X 27 are trailer bills to the 2011-12 budget bills and were approved by both houses of the Legislature on June 15, 2011, signed by the Governor on June 28, 2011, and chaptered on June 29, 2011 (together, "2011 Redevelopment Legislation"); and

**WHEREAS**, Parts 1.8, 1.85, and 1.9 of Division 24 of the Health and Safety Code were added to the CRL by the 2011 Redevelopment Legislation and such measures purported to become effective immediately;

**WHEREAS**, Part 1.8 of the CRL ("Part 1.8") provides for the restriction of activities and authority of the Agency in the interim period prior to dissolution to certain "enforceable obligations" and to actions required for the general winding up of affairs, preservation of assets, and certain other goals delineated in Part 1.8;

**WHEREAS**, Part 1.85 of the CRL ("Part 1.85") provides for the statewide dissolution of all redevelopment agencies, including the Agency, as of October 1, 2011, and provides that, thereafter, a successor agency will administer the enforceable obligations of the Agency and otherwise wind up the Agency's affairs, all subject to the review and approval by an oversight committee;

**WHEREAS**, Part 1.9 of the CRL ("Part 1.9") provides that a redevelopment agency may continue in operation if a city or county that includes a redevelopment agency adopts an ordinance agreeing to comply with and participate in the Voluntary Alternative Redevelopment Program established in Part 1.9 ("Program");

**WHEREAS**, the Agency is aware that the validity, passage, and applicability of the 2011 Redevelopment Legislation are the subject of judicial challenge(s), including the action: *California Redevelopment Association, et al v. Ana Matosantos, et al*;



**WHEREAS**, on August 11, 2011 the California Supreme Court issued a stay as to Parts 1.85 and 1.9, but not as to Part 1.8;

**WHEREAS**, Section 34169(h) of the CRL, which was added to the CRL by AB1X 26 and is located in Part 1.8 of the CRL, requires the Agency to prepare an Initial Recognized Obligation Payment Schedule, no later than September 30, 2011, and provide it to the successor agency, if a successor agency is established pursuant to Part 1.85 (commencing with Section 34170);

**WHEREAS**, while Part 1.85 (which provides for the dissolution of redevelopment agencies and the creation of successor agencies) and Part 1.9 (which authorizes the City to opt into the Program) are both stayed by order of the California Supreme Court, Part 1.8, specifically including Section 34169 of the CRL, currently remains in full force and effect;

**WHEREAS**, the City is anticipated to adopt a resolution concurrently with the Agency's adoption of this Resolution, confirming its election to become the successor agency in the event the Agency is dissolved;

**WHEREAS**, the Agency desires to adopt the Initial Recognized Obligation Payment Schedule attached to this Resolution as Attachment No. 1 and incorporated herein ("IROPS") and to transmit the IROPS to the City, as required by Section 34169(h) of the CRL;

**WHEREAS**, each city and county electing to participate in the Program, as a condition of its redevelopment agency's continued existence and operation, is required to make certain annual remittances ("Program Remittances") to the County Auditor-Controller ("CAC") pursuant to Chapter 3 of Part 1.9, beginning with a larger upfront remittance for FY 2011-12 ("First Remittance"), to be paid in two equal installments on January 15, 2012, and May 15, 2012;

**WHEREAS**, the City expects it will have sufficient moneys and revenues to fund an amount equal to the City's payment of the First Remittance and further expects to have sufficient moneys and revenues to fund the subsequent annual remittances required by Part 1.9;

**WHEREAS**, the City has adopted the Ordinance required by Part 1.9, in order to allow the Agency to continue in operation and perform its functions;

**WHEREAS**, the City and Agency desire to enter into an agreement pursuant to CRL Section 34194.2 whereby the Agency shall make an initial transfer of a portion of its tax increment to the City in an amount equal the First Remittance, and thereafter transfer amounts of tax increment equal to any subsequent remittance which the City is required to make to the CAC pursuant to the City's participation in the Program ("Agreement to Transfer Tax Increment");

**WHEREAS**, the Agency, by the adoption of this Resolution, does not represent, disclaim, or take any position whatsoever on the issue of the validity of AB1X 26 or AB1X 27, but rather the Agency seeks to comply with the Constitution and Laws of the State of California, in order to preserve the ability of the Agency to continue to operate and thereby benefit the community;

**WHEREAS**, the dissolution of the Agency would be detrimental to the health, safety, and economic well-being of the residents of the city and cause irreparable harm to the community,

because, among other reasons, the redevelopment activities and projects made possible, implemented, and funded by the Agency are highly significant and of enduring benefit to the community and the city, and are a critical component of its future; and

**WHEREAS**, the Agency has duly considered all other related matters and has determined that the Agency's adoption of the IROPS, submission of the IROPS to the City, and approval and execution of the Agreement to Transfer Tax Increment is in the best interests of the city and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

**NOW, THEREFORE, BE IT RESOLVED BY THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT:**

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. The Agency hereby approves the IROPS attached hereto as Attachment No. 1 and incorporated herein, and hereby authorizes the Agency Director to transmit the IROPS to the City Manager, the City Clerk, and the City's Finance Director for implementation thereof by the City, acting as successor agency to the Agency, to the extent authorized and/or required by law, including Part 1.85.

Section 3. The Agency hereby approves that certain Agreement to Transfer Tax Increment in substantially the form attached hereto as Attachment No. 2 and incorporated herein, with such changes mutually agreed upon by the Agency Director, the City Manager, the Agency's Counsel, and the City Attorney, respectively, as are minor and in substantial conformance with the form of the Agreement to Transfer Tax Increment submitted herewith. The Agency Director and the Agency Secretary are hereby authorized to execute and attest the Agreement to Transfer Tax Increment on behalf of Agency. In such regard, the Agency Director (or his duly authorized representative) is authorized to sign the final version of the Agreement to Transfer Tax Increment after completion of any such non-substantive, minor revisions. Copies of the final form of the Agreement to Transfer Tax Increment, when duly executed and attested, shall be placed on file in the office of the City Clerk. Further, the Agency Director (or his duly authorized representative) is authorized to implement the Agreement to Transfer Tax Increment and take all further actions and execute all documents referenced therein and/or necessary and appropriate to implement the purposes of the Agreement to Transfer Tax Increment. The Agency Director (or his duly authorized representative) is hereby authorized to the extent necessary during the implementation of the Agreement to Transfer Tax Increment to make technical or minor changes, modifications, amendments, and interpretations thereto after execution, as necessary to properly implement and carry out the Agreement to Transfer Tax Increment; provided any and all such changes shall not in any manner materially affect the rights and obligations of the Agency thereunder.

Section 4. For fiscal year 2011-12 only, pursuant to CRL Section 34194.3, the Agency shall be exempt from making the full allocation required to be made to the Low and Moderate Income Housing Fund pursuant to Sections 33334.2, 33334.3, and 33334.6. The Agency hereby finds and determines based upon substantial evidence provided in the record before it, that there are insufficient other moneys to meet its debt and other obligations, current priority program needs, or its obligations under Section 34194.2 and the Agreement to Transfer Tax Increment.

Section 5. Agency Counsel is hereby authorized, to the greatest extent permitted by law, to bring an action or appear in an action brought in the Superior Court pursuant to Sections 33500 and 33501 of the CRL to determine the validity of the Agreement to Transfer Tax Increment, or the validity of any bonds contemplated to be issued by the Agency or other material contracts of the Agency, or any findings of the governing body or the City Council related thereto, upon the determination of the Agency Director that such action is reasonably necessary or appropriate to facilitate the consummation of any Agency transaction for which governing board approval has been given.

Section 6. This Resolution shall in no way be construed as requiring the Agency (or the City) to abide by the 2011 Redevelopment Legislation in the event either, or both, bills are found unconstitutional or otherwise legally invalid in whole or in part, nor shall this Resolution effect or give rise to any waiver of rights or remedies the Agency (and/or the City) may have, whether in law or in equity, to challenge 2011 Redevelopment Legislation. This Resolution shall not be construed as the Agency's (and/or the City's) willing acceptance of, or concurrence with the 2011 Redevelopment Legislation, either AB1X 26 or AB1X 27; nor does this Resolution evidence any assertion or belief whatsoever on the part of the Agency (and/or City) the 2011 Redevelopment Legislation is constitutional or lawful.

Section 7. This Resolution shall be effective immediately upon adoption.

Section 8. The Agency Secretary shall certify to the adoption of this Resolution.

**ATTACHMENT NO. 1**

**INITIAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

**[Attached on following pages.]**

**ATTACHMENT NO. 2**

**AGREEMENT TO TRANSFER TAX INCREMENT**

**[Attached on following pages.]**

## AGREEMENT TO TRANSFER TAX INCREMENT

This **AGREEMENT TO TRANSFER TAX INCREMENT** ("Agreement") is entered into as of September 13, 2011 ("Date of Agreement"), by and between the **CITY OF GARDEN GROVE**, a municipal corporation ("City"), and the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic ("Agency").

### RECITALS

A. The Agency is a community redevelopment agency organized and existing under the California Community Redevelopment Law, Health and Safety Code Sections 33000, *et seq.* ("CRL") and has been authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council ("City Council") of the City.

B. The City Council adopted the Redevelopment Plans for the Garden Grove Community Project and the Buena Clinton Project (collectively, and as amended from time to time, the "Project Areas").

C. The Agency receives and has available to it tax increment revenues from the Project Areas in accordance with and pursuant to the Redevelopment Plans, CRL Section 33670(b) and Article XVI Section 16 of the California Constitution.

D. Assembly Bills 1X 26 and 1X 27, which are trailer bills to the 2011-12 budget bills, were approved by both houses of the Legislature on June 15, 2011, signed by the Governor on June 28, 2011, and chaptered on June 29, 2011 (together, "2011 Redevelopment Legislation").

E. Parts 1.8, 1.85 and 1.9 of Division 24 of the Health and Safety Code were added to the CRL by the 2011 Redevelopment Legislation and such measures purported to become effective immediately.

F. Part 1.8 of the CRL ("Part 1.8") provides for the restriction of activities and authority of the Agency in the interim period prior to dissolution to certain "enforceable obligations" and to actions required for the general winding up of affairs, preservation of assets, and certain other goals delineated in Part 1.8.

G. Part 1.85 of the CRL ("Part 1.85") provides for the statewide dissolution of all redevelopment agencies, including the Agency, as of October 1, 2011, and provides that, thereafter, a successor agency will administer the enforceable obligations of the Agency and otherwise wind up the Agency's affairs, all subject to the review and approval by an oversight committee.

H. Part 1.9 of the CRL ("Part 1.9") provides that a redevelopment agency may continue in operation if a city or county that includes a redevelopment agency adopts an ordinance agreeing to comply with and participate in the Voluntary Alternative Redevelopment Program established in Part 1.9 ("Program").

I. The City is aware that the validity, passage, and applicability of the 2011 Redevelopment Legislation are the subject of judicial challenge(s), including the action: *California Redevelopment Association, et al v. Ana Matosantos, et al.*

J. On August 11, 2011 the California Supreme Court issued a stay as to Parts 1.85 and 1.9, but not as to Part 1.8.

K. Each city and county electing to participate in the Program, as a condition of its redevelopment agency's continued existence and operation, is required to make certain annual remittances ("Program Remittances") to the county auditor-controller ("CAC") pursuant to Chapter 3 of Part 1.9, beginning with a larger upfront remittance for FY 2011-12 ("First Remittance"), to be paid in two equal installments on January 15, 2012 and May 15, 2012.

L. The City will have sufficient funds and revenues to fund an amount equal to the City's payment of the First Remittance and expects to have funds and revenues sufficient to fund amounts equal to the subsequent fiscal years' remittances required by Part 1.9.

M. The City and Agency desire to enter into this Agreement pursuant to CRL Section 34194.2 whereby the Agency shall transfer tax increment to the City in an amount equal to the First Remittance, and thereafter shall transfer amounts of tax increment equal to each and all subsequent fiscal years' remittances that the City is required to make to the CAC as a condition of the City's participation in the Program.

## **AGREEMENT**

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and conditions herein contained, the parties hereto agree as follows:

**Section 1.** The Agency shall be liable to City for the payment of the Program Remittances in connection with the City's participation in the Program. The Agency agrees that no later than fifteen (15) days prior to the date upon which the City shall be statutorily required to make any full or partial payment of a Program Remittance in any fiscal year, the Agency shall transfer funds to the City in an amount equal to such payment; each such payment by the Agency shall be referred to herein as a "Required Agency Payment" and, as such payments are combined, "Required Agency Payments." Interest shall accrue on any unpaid balance of the Required Agency Payments at an annual interest rate equal to the maximum rate permitted by Section 53531 of the Government Code. Interest on amounts paid as Required Agency Payments shall be deemed to begin accruing on the date upon which the City makes any required Program Remittance to the CAC.

**Section 2.** The Agency hereby pledges Tax Increment (defined below) to repayment of its indebtedness to the City hereunder; provided that such pledge is junior and subordinate to all outstanding bonds of the Agency, any refunding bonds issued by or through the Agency, and any additional bonds issued hereafter by or through the Agency. The City and Agency agree that such obligation by Agency to City may be further subordinated by agreement of the City and the Agency.

As used in this Section 2, "Tax Increment" means all taxes annually allocated to the Agency with respect to the Project Areas in each year following the Date of Agreement, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the CRL and Section 16 of Article XVI of the Constitution of the State of California and as provided in the Redevelopment Plans for the Project Areas, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations; but excluding (i) all amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any Fiscal Year pursuant to Sections 33334.2 or 33334.6 of the CRL,

(ii) all amounts of such taxes required to be paid to taxing entities under Sections 33607.5 and 33607.7 of the CRL to the extent such required payments create a prior lien on such taxes, (iii) amounts, if any, payable by the State of California to the Agency under and pursuant to the provisions of Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the Government Code of the State of California, (iv) amounts retained by the County of Orange as costs of collection pursuant to Chapter 466, Statutes of 1990, and (v) such taxes, to the extent subject to a prior express pledge by the Agency.

**Section 3.** Pursuant to Sections 34194.2 and 34194.3 of the CRL and for FY 2011-12 only, the Agency finds that there are insufficient other moneys to meet its debt and other obligations, current priority program needs, and/or its obligations under Section 34194.2 therefore the Agency is exempted from making the annual deposit to the Housing Fund and an amount equal thereto shall be part of the tax increment transfer hereunder.

**Section 4.** The obligations of the Agency under this Agreement shall constitute an indebtedness of the Agency within the meaning of Section 33670, *et seq.* of the CRL.

**Section 5.** The City agrees to spend those funds received from the Agency under this Agreement “for the purpose of financing activities within the redevelopment area that are related to accomplishing the redevelopment agency project goals” pursuant to CRL Section 34194.2 (or as otherwise determined by the courts or subsequent law) and in accordance with the laws of the United States and the State of California, all as applicable.

**Section 6.** This Agreement shall become effective upon a final order of a court of competent jurisdiction and/or a decision or order from the California Supreme Court, or other court of competent jurisdiction, that the provisions of AB 1X 27 (including Sections 34194.2 and 34194.3) are valid and enforceable.

**Section 7.** If any provision of this Agreement or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application, and to this end the provisions of this Agreement are severable. The City Council and Agency each hereby declares that it would have approved this Agreement irrespective of the invalidity of any particular portion hereof as long as and subject to Part 1.9 being declared valid and enforceable.

**[Signature blocks appear on following page.]**



**IN WITNESS WHEREOF**, the parties have executed this Agreement to Transfer Tax Increment as of the Date of Agreement.

**CITY:**

**CITY OF GARDEN GROVE,**  
a California municipal corporation

By: \_\_\_\_\_  
City Manager

ATTEST:

\_\_\_\_\_  
City Clerk

**AGENCY:**

**GARDEN GROVE AGENCY FOR  
COMMUNITY DEVELOPMENT**, a public body,  
corporate and politic

By: \_\_\_\_\_  
Director

ATTEST:

\_\_\_\_\_  
Agency Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Stradling Yocca Carlson & Rauth,  
Agency Counsel

IN WITNESS WHEREOF, the parties have executed this Agreement to Transfer Tax Increment as of the Date of Agreement.

CITY:

CITY OF GARDEN GROVE,  
a California municipal corporation

By: \_\_\_\_\_  
City Manager

ATTEST:

\_\_\_\_\_  
City Clerk

AGENCY:


GARDEN GROVE AGENCY FOR  
COMMUNITY DEVELOPMENT, a public body,  
corporate and politic

By: \_\_\_\_\_  
Director

ATTEST:

\_\_\_\_\_  
Agency Secretary

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Stradling Yocca Carlson & Rauth,  
Agency Counsel

## PRELIMINARY DRAFT OF THE INITIAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34169(h)\*

Project Name / Debt Obligation	Payee	Description	Total Due During Fiscal Year	Payments by Period	
				10/1/11 to 12/31/11	1/1/12 to 6/30/12
					Total
1) 2003 Tax Allocation Bonds	Bank of New York Mellon	Land Acquisition & Public Improvements	4,383,638.00	3,000,000.00	1,181,666.00
2) Loan	City of Garden Grove	Cost of Project Improvements	75,000.00	18,750.00	37,500.00
3) Loans	City of Garden Grove	Cost of Project Improvements	761,037.45	190,260.00	380,519.00
4) Loans	City of Garden Grove	Cost of Project Improvements	745,482.59	186,372.00	372,744.00
5) Agreement	Richard and Yong Kil	Land Acquisition and Project Improvements	162,504.00	162,504.00	162,504.00
6) Bonds	City of Garden Grove	Land Acquisition and Project Improvements	1,556,340.00	509,000.00	1,047,340.00
7) Hyatt Regency OPA - (2016)	OPA, LLC (Performance Based)	Cost of Project Improvements	1,700,000.00	1,700,000.00	1,700,000.00
8) Residence Inn DDA - (2020)	RIOPA, LLC (Performance Based)	Cost of Project Improvements	1,300,000.00	1,300,000.00	1,300,000.00
9) Sheraton Hotel DDA - (2015)	Kam Sang Inc. (Performance Based)	Cost of Project Improvements	450,000.00	450,000.00	450,000.00
10) OfficeMax Com Rehab Agmt	OfficeMax (Performance Based)	Commercial Rehabilitation	750,000.00	375,000.00	375,000.00
11) Katella Cottages OPA - (2027)	Heritage Village Note Investors (Performance Based)	Land Acquisition and Project Improvements	76,450.00	76,450.00	76,450.00
12) Katella Cottages Note - (2027)	U.S. Bank	Land Acquisition and Project Improvements	150,000.00	150,000.00	150,000.00
13) Augustine Note - (2016)	Augustine Trust	Land Acquisition	89,000.00	22,250.00	44,500.00
14) Coastline Lease Payments - (2016)	Coastline Com College Dist.	Office Space Rent	320,934.00		190,068.00
15) GG Center Building Lease - (2016)	Purcell Family Trust	Office Space Rent	654,000.00		654,000.00
16) Fire Department HQ	M David Paul & Associates	Land Acquisition	667,000.00		0.00
17) Garden Grove Hyundai - (2016)	Garden Grove Hyundai (Performance Based)	Cost of Project Improvements	160,000.00		160,000.00
18) Volkswagen of Garden Grove - (2021)	Countywide Rambler, Inc. (Performance Based)	Cost of Project Improvements	30,000.00		30,000.00
19) Lilil Garden Plaza DDA	Sweet Homes Development	Land Acquisition	1,500,000.00		1,500,000.00
20) Site B2 DDA	Kam Sang Inc.	Land Acquisition and Project Improvements	2,000,000.00		2,000,000.00
21) Union Bank Loan	Union Bank of California	Land Acquisition	1,490,000.00	289,250.00	911,500.00
22) ABRB Program	GG Chamber of Commerce	Business Outreach	44,100.00	22,050.00	44,100.00
23) Fandango Restaurant	GG Agency for Com Dev	Land Disposition	2,300,000.00		2,300,000.00
24) Gilbert Street Rebate	Gilbert Street Developers, LLC	Project Improvements	43,723.00	43,723.00	43,723.00
25) Loan (Buena Clinton)	City of Garden Grove	Costs Associated with Project Improvements	1,734,755.00		1,734,755.00
26) Administration Fees	County of Orange	Payments per SB 2557	245,583.00		245,583.00
27) Capital Facilities Agreement	GG Unified School Dist	Payments per Agreement	2,100,000.00		1,862,205.00
28) Waterpark Hotel DDA	Various	Cost Associated with Land Assembly	1,000,000.00	500,000.00	1,000,000.00
29) Tamerlane Apartments Agmts	Tamerlane Associates, LLC	Land Acquisition	9,100,000.00		9,100,000.00
30) Site C DDA	Various	Land Acquisition	2,300,000.00		2,300,000.00
		<b>Totals</b>	<b>37,889,547.04</b>	<b>8,995,609.00</b>	<b>26,949,430.00</b>
					<b>35,945,039.00</b>

Name of Redevelopment Agency: Garden Grove Agency for Community Development

## PRELIMINARY DRAFT OF THE INITIAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34169(h)\*

Project Name / Debt Obligation	Payee	Description	Total Due During Fiscal Year	Payments by Period	
				10/1/11 to 12/31/11	1/1/12 to 6/30/12
					Total
1) Statutory Payments	City of Garden Grove	Payments per AB1290/SB211	137,615.16		0.00
2) Statutory Payments	Garden Grove Sanitary District	Payments per AB1290/SB211	109,046.00	58,019.00	58,019.00
3) Statutory Payments	Garden Grove Sub San Dist	Payments per AB1290/SB211	2,695.38		0.00
4) Statutory Payments	Orange County Water District	Payments per AB1290/SB211	65,778.00	45,194.00	45,194.00
5) Statutory Payments	OC Water Dist Water Reserve	Payments per AB1290/SB211	640.00	320.00	320.00
6) Statutory Payments	Orange County Transit Authority	Payments per AB1290/SB211	3,019.47		0.00
7) Statutory Payments	Orange County Sanitation District #2	Payments per AB1290/SB211	108,400.00		56,850.00
8) Statutory Payments	Orange County Sanitation District #3	Payments per AB1290/SB211	77,398.00		38,385.00
9) Statutory Payments	North Orange Co. Community College Gen. Fund	Payments per AB1290/SB211	27,087.00		12,516.00
10) Statutory Payments	Coast Community College District Gen. Fund	Payments per AB1290/SB211	74,583.60		0.00
11) Statutory Payments	Orange County Dept. of Education General Fund	Payments per AB1290/SB211	62,008.00		20,797.00
12) Statutory Payments	Orange County General Fund	Payments per AB1290/SB211	193,787.00		69,187.00
13) Statutory Payments	Orange County Public Library	Payments per AB1290/SB211	52,300.00		18,659.00
14) Statutory Payments	Orange County Flood Control District	Payments per AB1290/SB211	62,206.00		22,209.00
15) Statutory Payments	Orange Co. Harbors, Beaches and Parks	Payments per AB1290/SB211	50,000.00		19,000.00
16) Statutory Payments	Orange County Vector Control	Payments per AB1290/SB211	1,201.11		0.00
17) Statutory Payments	Orange County Cemetery Dist. General Fund	Payments per AB1290/SB211	141.65		0.00
18) Statutory Payments	Vehicle Pk Dist #2 GG Acquist	Payments per AB1290/SB211	230.04		0.00
19) Statutory Payments	Vehicle Pk Dist #2 Garden Improvmt	Payments per AB1290/SB211	108.82		0.00
20) Statutory Payments	Vehicle Pk Dist #3 GG Improvement	Payments per AB1290/SB211	4.89		0.00
21) Statutory Payments	Midway City Sanitary Dist-Gen Fund	Payments per AB1290/SB211	7.44		0.00
22) Statutory Payments	Garden Grove-1974 Paramedic	Payments per AB1290/SB211	64,061.10		0.00
23) Statutory Payments	Metropolitan Water District	Payments per AB1290/SB211	2,423.40		0.00
24) Statutory Payments	GGUSD	Payments per AB1290/SB211	110,000.00		25,560.00
25) Statutory Payments	Huntington Beach School District	Payments per AB1290/SB211	29,880.00		16,338.00
26) Statutory Payments	Westminster School District	Payments per AB1290/SB211	35,486.00		21,837.00
27) Statutory Payments	Orange Unified School District	Payments per AB1290/SB211	23,644.00		13,510.00
28) Statutory Payments	Rancho Santiago Community College District	Payments per AB1290/SB211	42,227.00		0.00
			1,335,979.06	0.00	438,381.00

**PRELIMINARY DRAFT OF THE INITIAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

	Project Name / Debt Obligation	Payee	Description	Total Due During Fiscal Year	Payments by Period	
					10/1/11 to 12/31/11	1/1/12 to 6/30/12
						Total
	Agreement to Transfer Tax Increment between Agency and City					
1)			ABx1-27 Opt-In Payment	8,233,342.00	8,233,342.00	8,233,342.00
2)	Agency Salaries			2,413,812.00	603,453.00	2,413,812.00
3)	Agency Contractual Services	Various Consultants		1,676,284.00		1,676,284.00
4)	Leases/Rents			992,934.00		992,934.00
5)	Agency Operations			2,459,242.00	614,810.00	2,459,242.00
6)	Other Expenditures			500,000.00		500,000.00
7)	Interest Costs			4,134,263.00	2,067,131.00	4,134,263.00
8)	Capital Outlay			10,656,968.00	10,656,968.00	10,656,968.00
9)	Budget Carry-overs	Various Payees		22,371,220.00		22,371,220.00
10)						
11)						
12)						
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27)						
			<b>Totals</b>	<b>53,438,065.00</b>	<b>3,285,394.00</b>	<b>53,438,065.00</b>