

RESOLUTION NO. 2010-043

Adopted by the Redevelopment Agency
of the City of Sacramento

November 16, 2010

2010-2011 SUPPLEMENTAL EDUCATION REVENUE AUGMENTATION FUND (SERAF) PAYMENT; AUTHORIZATION TO AMEND 2010-2011 BUDGET AS NECESSARY AND RELATED FINDINGS; AUTHORIZATION TO EXTEND TIME LIMIT OF REDEVELOPMENT PLANS AND REPAYMENT OF DEBT UPON FULL AND TIMELY SERAF PAYMENT

BACKGROUND

- A. Faced with a historical economic downturn, the State of California has looked to local government to help balance the State budget. AB 26 (4th Ex. Sess.); Chapter 21 Statutes of 2009-10 Fourth Extraordinary Session, requires the Redevelopment Agency of the City and the Redevelopment Agency of the County (hereafter Agency) to submit payment pursuant to Health and Safety Code 33690 (a). The payment is to be deposited in the county "Supplemental Educational Revenue Augmentation Fund" (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools.
- B. AB 1389 Chapter 751, Statutes of 2008 required the Agency to make a payment to the Educational Revenue Augmentation Fund for the 2008-2009 fiscal year. The California Redevelopment Association successfully challenged the constitutionality of that ERAF payment
- C. The Agency administered by the Sacramento Housing and Redevelopment Agency (SHRA) made an unprecedented tax increment shift payment of \$19.6 million in FY 2009-10 and is required to make another tax increment payment of \$4 million in FY 2010-11.
- D. For the 2009-10 SHRA fiscal year the Agency had insufficient non housing tax increment funds to meet the SERAF obligation and the reduction of funds to the Agency Low Moderate Income Housing Fund(s) caused by the suspension or borrowing of those funds will not impair existing executed contracts. Health and Safety Code Sections 33334.2 (k) and 33690 (c) authorizes the Agency to suspend or borrow all or part of its required 2009-2010 allocation of Low and Moderate Income Housing Fund(s) to make the SERAF payment.
- E. "Existing indebtedness" means bonds, notes, interim certificates, debentures, credit lines or other obligations of the Agency whether funded, refunded, assumed or otherwise, loans or moneys advanced to the Agency from federal, state, local agencies or private entities, contractual obligations that if breached could subject the Agency to damages or liability or any other obligation that has been entered into prior to the effective date of AB 26 (4th Ex. Session).

- F. The requirement to make the SERAF payment is an obligation and payment which is subordinate to the lien of any pledge of collateral securing the payment of bonds of the Agency, or any other "existing indebtedness" incurred prior to the effective date of AB 26 (4th Ex. Session).
- G. Should the SERAF obligation of the Agency be timely paid in full, Health and Safety Code Section 33331.5 authorizes the Agency through a streamlined plan amendment process to extend by one year the effective date of the redevelopment plan and the time limit to repay debt for each of its project areas.
- H. The proposed action to make the 2010-2011 SERAF payment does not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA), as provided in the CEQA guidelines Section 15378 (b)(4).

BASED ON THE FACTS AS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY RESOLVES AS FOLLOWS:

- Section 1. All the evidence presented having been duly considered the findings, including the environmental findings regarding this action, as stated above are approved.
- Section 2. The Agency considers existing indebtedness, as defined above, obligated prior to the effective date of AB 26 (4th Ex. Session), to be superior to the 2010-2011 SERAF payment.
- Section 3. The Executive Director, or designee, is authorized to amend the SHRA budget as necessary and to transfer funds among operating budgets or project budgets to facilitate the 2010-2011 SERAF payment.
- Section 4. The Executive Director, or her designee, is authorized to re-appropriate funds allocated to make the 2010-2011 SERAF payment to SHRA operating budgets or project budgets, should those State mandated payments no longer be required.
- Section 5. Upon a full and timely SERAF payment, the Executive Director, or designee, is directed to take all necessary action to amend Agency redevelopment plans to extend by one year the effective date of the redevelopment plan and the time limit to repay debt for each of its project areas.

Adopted by the Redevelopment Agency of the City of Sacramento on November 16, 2010 by the following vote:

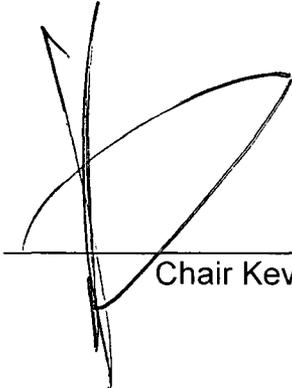
Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Johnson.

Noes: None.

Abstain: None.

Absent: None.

Attest:



Chair Kevin Johnson

for Dawn Buelundel
Shirley Concolino, Secretary