

## RESOLUTION NO. 5

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF HAWTHORNE APPROVING A DRAFT INITIAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH**

#### RECITALS:

A. AB X1 26 and AB X1 27 were signed by the Governor of California on June 29, 2011, making certain changes to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) (the "Redevelopment Law"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85").

B. The California Redevelopment Association and League of California Cities filed a lawsuit in the Supreme Court of California (*California Redevelopment Association, et al. v. Matosantos, et al.* (Case No. S194861)) alleging that AB X1 26 and AB X1 27 are unconstitutional. On December 29, 2011, the Supreme Court issued its opinion in the Matosantos case largely upholding AB X1 26, invalidating AB X1 27, and holding that AB X1 26 may be severed from AB X1 27 and enforced independently.

C. The Supreme Court generally revised the effective dates and deadlines for performance of obligations in Part 1.85 arising before May 1, 2012, to take effect four months later.

D. As a result of the Supreme Court's decision, the Redevelopment Agency of the City of Hawthorne (the "Redevelopment Agency"), created pursuant to the Redevelopment Law, was dissolved pursuant to Part 1.85 on February 1, 2012.

E. By its Resolution No. 7419, adopted on January 10, 2012, the City Council of the City of Hawthorne made an election to serve as the successor agency for the Redevelopment Agency under Part 1.85 (the "Successor Agency").

F. By its Resolution No. 1, adopted on February 14, 2012, the City Council, acting as the governing board for the Successor Agency, established rules and regulations applicable to the governance and operation of the Successor Agency, and pursuant to such resolution provided that the Successor Agency will be governed by a Board of Directors (the "Board") consisting of the members of the City Council of the City of Hawthorne.

G. Health and Safety Code Section 34177(l), as modified by the California Supreme Court, provides that by March 1, 2012, the Successor Agency must prepare a draft initial Recognized Obligation Payment Schedule for the enforceable obligations of the former Redevelopment Agency, in accordance with the requirements of paragraph (l). The draft schedule must be reviewed and certified, as to its accuracy, by an external auditor designated at the county auditor-controller's direction pursuant to Health and Safety Code Section 34182. The certified Recognized Obligation Payment Schedule must be submitted to and approved by the oversight board. Finally, after approval by the oversight board, a copy of the approved Recognized Obligation Payment Schedule must be submitted to the county auditor-controller, the State Controller and the State Department of Finance ("DOF"), and be posted on the Successor Agency's web site. The first Recognized Obligation Payment Schedule submitted to the State Controller and the DOF will be for payments for the period of January 1, 2012 to June 30, 2012, inclusive.

H. Accordingly, the Board desires to adopt this Resolution approving a draft initial Recognized Obligation Payment Schedule in accordance with Paragraph G.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY, HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:**

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

Section 2. This Resolution is adopted pursuant to Health and Safety Code Section 34177.

Section 3. The Board hereby approves the draft initial Recognized Obligation Payment Schedule substantially in the form attached as Exhibit A to this Resolution and incorporated herein by reference (the "ROPS"). The Executive Director of the Successor Agency, in consultation with the Successor Agency's legal counsel, may modify the ROPS as the Executive Director or the Successor Agency's legal counsel deems necessary or advisable.

Section 4. The Secretary is hereby authorized and directed to post the Recognized Obligation Payment Schedule on the City of Hawthorne's web site.

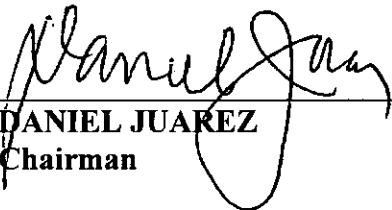
Section 5. The Recognized Obligation Payment Schedule may be amended from time to time at any public meeting of the Board.

Section 6. The Secretary is hereby authorized and directed to transmit a copy of the Enforceable Obligation Payment Schedule by mail or electronic means to the County Auditor-Controller, the State Controller, and the California Department of Finance (the "Department of Finance"). A notification providing the Internet Web site location shall suffice.

Section 7. The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including providing documents associated with the Recognized Obligation Payment Schedule to the Department of Finance and the State Controller in the manner of their choosing, and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 8. The Board hereby designates the City of Hawthorne's Finance Manager as the official to whom the Department of Finance may make requests for review in connection with the Recognized Obligation Payment Schedule and who shall provide the Department of Finance with the telephone number and e-mail contact information for the purpose of communicating with the Department of Finance.

**PASSED AND ADOPTED** this 28<sup>th</sup> day of February, 2012.

  
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**DANIEL JUAREZ**  
Chairman

**ATTEST:**

  
\_\_\_\_\_  
**NORBERT A. HUBER**  
Secretary

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
**RUSSELL MIYAHIRA**  
Agency Counsel

STATE OF CALIFORNIA     )  
COUNTY OF LOS ANGELES) §  
CITY OF HAWTHORNE     )

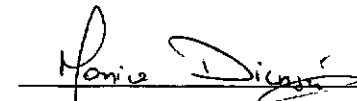
I, **Monica Dicrisci**, the duly appointed Deputy City Clerk of the City of Hawthorne, California, **DO HEREBY CERTIFY** that the foregoing Resolution, being Resolution No. 5 was duly adopted by the Governing Body For the Successor Agency to the Redevelopment Agency of the City of Hawthorne, at the regular meeting of the Successor Agency to the Redevelopment Agency of the City of Hawthorne held **February 28, 2012** and that it was adopted by the following vote, to wit:

AYES: Successor Agency Members English, Michelin, Valentine, Vargas, Mayor or Chairman Juarez.

NOES: None.

ABSTAIN: None.

ABSENT: None.

  
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Deputy City Clerk  
City of Hawthorne, California

Preliminary Draft of the Initial Recognized Obligation Payment Schedule  
 Per ABX1 28 - Section 34169(h)

Project Name / Debt Obligation	Project Area	Payee	Revenue Source	Description	Total Estimated Outstanding Debt or Obligation	Projected Payment Dates	Obligation Expiration Date	Total Due During Fiscal Year	February 1, 2012 - June 30, 2017					
									Payments by Month					
									Feb	Mar	Apr	May	Jun	Total
1) 2001 Tax Allocation Refunding Bonds	Plaza Project Area No. 1	US Bank	Redevelopment Property Tax Trust Fund	Principal and interest payments made on the bonds for funding redevelopment activities with respect to the Plaza Project Area	\$ 3,950,813	See Attached	7/1/20	\$ 432,031	-	202,031	-	-	99,460	\$ 301,491
2) 1998 Tax Allocation Refunding Bonds	Redevelopment Project Area No. 2	US Bank	Redevelopment Property Tax Trust Fund	Refunding of 1998 bonds and refinancing redevelopment activities with respect to the Redevelopment Project Area No. 2	\$ 14,085,281	See Attached	9/1/24	\$ 694,375	-	174,125	-	-	116,688	\$ 290,813
3) 2004 Tax Allocation Refunding Bonds	Redevelopment Project Area No. 2	US Bank	Redevelopment Property Tax Trust Fund	Principal and interest payments made on the 1994 TABs related to Project Area No. 2; refunded by the 2004 Bonds; for the redevelopment activities with respect to Project Area No. 2	\$ 3,765,926	See Attached	9/1/22	\$ 344,019	-	73,758	-	-	-	\$ 73,758
4) 2000 Tax Allocation Bonds	Redevelopment Project Area No. 2	US Bank	Redevelopment Property Tax Trust Fund	Principal and interest payments made on the 2000 TABs related to Project Area No. 2	\$ 52,588,415	See Attached	6/1/37	\$ 1,450,000	-	727,391	-	-	-	\$ 727,391
5) CFD No. 1998 Special Tax Refunding Bonds (Rosecrans Ave./Oceangate Ave.)	Redevelopment Project Area No. 2	US Bank	Redevelopment Property Tax Trust Fund	Debt service payments on the Special Tax Bonds issued in 1998 for the acquisition and construction of certain facilities with the retail activities of Oceanfront, for Project Area No. 2	\$ 5,305,799	See Attached	9/1/17	\$ 757,437	-	121,181	-	63,069	-	\$ 184,250
6) CFD No. 1999-1 (Gateway Center)	Redevelopment Project Area No. 2	US Bank	Redevelopment Property Tax Trust Fund	Debt service payments on the Special Tax Bonds issued in 1999 for acquisition and construction of facilities for Cloverleaf Project in Project Area No. 2	\$ 19,385,751	See Attached	10/1/25	\$ 1,346,387	-	-	300,729	-	-	\$ 300,729
7) RDA Administrative/Employee Costs (July 2011 - Jan 2012)	Plaza Project Area No. 1 & Redevelopment Project Area No. 2	Employees of Redevelopment Agency & Several Vendors	Redevelopment Property Tax Trust Fund	Payroll cost for RDA Employees (July 2011 - Jan 2012); salaries, insurance, and benefits, and Agency supplies, equipment and other operational supplies	\$ 2,225,658	Monthly	5/16/12	\$ 2,225,658	-	-	-	-	-	\$ -
8) Successor Agency Administrative/Employee Costs (Feb - June 2012)	Plaza Project Area No. 1 & Redevelopment Project Area No. 2	Employees of Successor Agency & Several Vendors	Administrative Cost Allowance	Payroll cost for Successor Agency Employees (Feb - June 2012); salaries, insurance, and benefits, and Agency supplies, equipment and other operational supplies	\$ 8,604,165	Monthly	9/22/48	\$ 104,169	20,833	20,833	20,833	20,833	20,833	\$ 104,165
9) Fiscal Agent Fees	Plaza Project Area No. 1 & Redevelopment Project Area No. 2	Walden	Redevelopment Property Tax Trust Fund	Annual Disclosure report fees	\$ 538,500	Annually	10/1/25	\$ 34,000	8,500	8,500	8,500	-	-	\$ 28,500
10) Hawthorne Boulevard Property Fund (Commercial - Non-Housing)	Redevelopment Project Area No. 2	City of Hawthorne	Redevelopment Property Tax Trust Fund	Agency owned commercial rental units on Hawthorne Boulevard. Payments are for operation/maintenance costs related to the property.	\$ 694,704	Monthly	11/26/37	\$ 25,342	2,112	2,112	2,112	2,112	2,112	\$ 10,960
11) Grevillea Property Fund (Housing)	Redevelopment Project Area No. 2	City of Hawthorne	Redevelopment Property Tax Trust Fund	Agency owned 5 residential rental units. Payments are for operation/maintenance costs related to the property.	\$ 1,594,469	Monthly	11/26/37	\$ 58,157	4,848	4,848	4,848	4,848	4,848	\$ 24,230
12) Gale Properties Fund (11605, 11529, 11537 Gale Avenue) (Housing)	Redevelopment Project Area No. 2	City of Hawthorne	Redevelopment Property Tax Trust Fund	Agency owned 27 residential rental units. Payments are for operation/maintenance costs related to the property.	\$ 5,385,347	Monthly	11/26/37	\$ 196,426	16,368	16,368	16,368	16,368	16,368	\$ 81,845
13) Truax Avenue Property Fund (Housing)	Redevelopment Project Area No. 2	City of Hawthorne	Redevelopment Property Tax Trust Fund	Agency owned 5 residential rental units. Payments are for operation/maintenance costs related to the property.	\$ 1,248,938	Monthly	11/26/37	\$ 45,554	3,795	3,795	3,795	3,795	3,795	\$ 18,980
14) RDA/Successor Agency Insurance Costs	Plaza Project Area No. 1 & Redevelopment Project Area No. 2	City of Hawthorne	Administrative Cost Allowance	General liability and workers compensation	\$ 87,828	Monthly	9/22/48	\$ 2,281	190	190	190	190	190	\$ 950
15) Auto Nation/Costco Note	Redevelopment Project Area No. 2	City of Hawthorne	Redevelopment Property Tax Trust Fund	Repayment of note to the developers of AutoNation/Costco note, consisting of Malibu-Ross tax refund, sales tax and transfer and occupancy tax refund to the extent these taxes are generated within the project.	\$ 24,553,438	See Attached	11/6/30	\$ 24,553,438	-	-	-	-	-	\$ -
16) Professional Services - Redevelopment/Successor Agency	Plaza Project Area No. 1 & Redevelopment Project Area No. 2	Rosenow Spevacek Group, Inc.	Redevelopment Property Tax Trust Fund	Redevelopment/Successor Agency/Overnight Board consulting services	\$ 85,000	As Invoiced	12/31/12	\$ 32,820	5,364	5,364	5,364	5,364	5,364	\$ 26,820
17) Agency Professional Services - Financial	Plaza Project Area No. 1 & Redevelopment Project Area No. 2	Vasquez & Company, LLC	Redevelopment Property Tax Trust Fund	Redevelopment annual audit	\$ 10,000	As Invoiced	6/30/12	\$ 10,000	6,000	-	-	-	-	\$ 6,000
18) Agency Professional Services - Legal	Plaza Project Area No. 1 & Redevelopment Project Area No. 2	Richards, Watson & Gershon and Best, Best & Krieger	Redevelopment Property Tax Trust Fund	Successor Agency legal counsel	\$ 10,000	As Invoiced	6/30/12	\$ 10,000	2,500	2,500	2,500	-	-	\$ 7,500
19) City General Fund Loan	Plaza Project Area No. 1 & Redevelopment Project Area No. 2	City of Hawthorne	Redevelopment Property Tax Trust Fund	Pursuant to Agency Resolution No. 135 and City Resolution No. 4751 and the Cooperation Agreement, the advanced monies to the RDA for RDA expenditures.	\$ 58,282,026	See Attached	5/31/30	\$ 3,300,000	-	-	1,850,000	-	-	\$ 1,850,000
20) FY 2009-10 SERAF Loan Repayment	Redevelopment Project Area No. 2	City of Hawthorne - Housing Successor Agency	Redevelopment Property Tax Trust Fund	Repayment for SERAF payment loan, must be repaid for FY 2014-15	\$ 3,170,236	Monthly	6/30/15	\$ -	-	-	-	-	-	\$ -
21) Plaza Project Area Housing Fund Deferral Repayment	Plaza Project Area No. 1 & Redevelopment Project Area No. 2	City of Hawthorne - Housing Successor Agency	Redevelopment Property Tax Trust Fund	Repayment for deferral of required 20% Housing Set-Aside deposits from prior fiscal years	\$ 3,821,682	Monthly	Until Repaid	\$ -	-	-	-	-	-	\$ -
22) Housing Successor Agency Administration	Plaza Project Area No. 1 & Redevelopment Project Area No. 2	City of Hawthorne - Housing Successor Agency	Redevelopment Property Tax Trust Fund	Administration of Housing Successor Agency	\$ 192,085	Monthly	9/22/48	\$ 2,085	417	417	417	417	417	\$ 2,085
23) Housing Successor Agency Housing Monitoring	Plaza Project Area No. 1 & Redevelopment Project Area No. 2	City of Hawthorne - Housing Successor Agency	Redevelopment Property Tax Trust Fund	Monitoring of affordable housing covenants	\$ 1,152,500	As Invoiced	9/22/48	\$ 12,500	2,500	2,500	2,500	2,500	2,500	\$ 12,500
24) FY 2009-10 Pass Through Payments	Project Area No. 2 (Original & Added Areas)	Affected Taxing Entities	Redevelopment Property Tax Trust Fund	Pass through and negotiated agreement payments to affected taxing entities	\$ 1,123,537	Bi-Annually	Until Repaid	\$ -	-	-	-	-	-	\$ -
25) FY 2010-11 Pass Through Payments	Project Area No. 2 (Original & Added Areas)	Affected Taxing Entities	Redevelopment Property Tax Trust Fund	Pass through and negotiated agreement payments to affected taxing entities	\$ 1,115,432	Bi-Annually	Until Repaid	\$ -	-	-	-	-	-	\$ -
26) FY 2011-12 Pass Through Payments	Project Area No. 2 (Original & Added Areas)	Affected Taxing Entities	Redevelopment Property Tax Trust Fund	Pass through and negotiated agreement payments to affected taxing entities	\$ 683,558	Annually	10/1/12	\$ -	-	-	-	-	-	\$ -
27) Tax Rebates	Redevelopment Project Area No. 2	City of Hawthorne	Redevelopment Property Tax Trust Fund	Tax rebates		Monthly	Until Repaid	\$ 450,000	37,500	37,500	37,500	37,500	37,500	\$ 187,500
<b>Total</b>					<b>\$ 211,981,958</b>			<b>\$ 36,066,675</b>	<b>111,927</b>	<b>1,404,414</b>	<b>2,056,856</b>	<b>156,895</b>	<b>310,075</b>	<b>\$ 4,040,068</b>