



**SPECIAL MEETING OF THE RANCHO CORDOVA OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY OF THE FORMER COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF RANCHO CORDOVA**

**Tuesday, September 13, 2016
4:00 PM**

Rancho Cordova City Hall - 2729 Prospect Park Drive, Rancho Cordova, CA 95670
Folsom Lake College - 10 College Parkway, Folsom, CA 95630

OVERSIGHT BOARD MEMBERS

Chair David Sander, City of Rancho Cordova (Chair)
Cyrus Abhar, City of Rancho Cordova (Vice Chair)
Kathleen Kirklin, Los Rios Community College District
Debbie Bettencourt, Folsom Cordova Unified School District
Amanda Thomas, Sacramento Metro Fire District
Ross Johnson, Member of the Public
Troy Givans, County of Sacramento

AGENDA

1. **Welcome and Call To Order**

2. **Public Comment:** Citizens wishing to address the Oversight Board for any matter on the Calendar or not on the agenda may do so at this time by completing and submitting a Speaker Card to the City Clerk. For items on the agenda, speakers will be called up to the podium by the Board Chair at the point on the agenda when the item will be heard. Speakers are encouraged to keep comments to three minutes or less and to state name and community of residence. Under the provisions of the California Government Code, the Oversight Board is prohibited from discussing or taking immediate action on any item not on the agenda unless it can be demonstrated to be of an emergency nature or the need to take immediate action arose after the posting of the agenda.

3. Discussion Items

None.

4. Action Items

- 4.1 Resolution No. OB-2-2016 Approving Loan Agreements Between the City of Rancho Cordova and the Successor Agency to the Former Redevelopment Agency to the City of Rancho Cordova for Fiscal Years 2010-11 and 2011-12 for Funds Advances to Pay Enforceable Obligations Prior to Redevelopment Agency Dissolution.
- 4.2 Approval of Minutes of January 26, 2016.

5. Administrative Updates

None.

6. Good of the Order

7. Adjournment

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's Office at (916) 851-8720 at least 48 hours prior to the meeting.

I do hereby certify that a copy of the foregoing agenda was posted on the City of Rancho Cordova's website, on the City Hall posting board at 2729 Prospect Park Drive, Rancho Cordova, CA 95670, and at Folsom Lake College, 10 College Parkway, Folsom, CA 95630 on Monday, September 12, 2016.



Mindy Cuppy, MMC, City Clerk

Oversight Board

TO THE SUCCESSOR AGENCY OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF RANCHO CORDOVA

MEMORANDUM

DATE: September 13, 2016

TO: Rancho Cordova Oversight Board Members

FROM: Michelle Mingay, Sr. Finance Analyst

SUBJECT: A RESOLUTION OF THE RANCHO CORDOVA OVERSIGHT BOARD APPROVING LOAN AGREEMENTS BETWEEN THE CITY OF RANCHO CORDOVA AND THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY TO THE CITY OF RANCHO CORDOVA FOR FISCAL YEARS 2010-11 AND 2011-12 FOR FUNDS ADVANCED TO PAY ENFORCEABLE OBLIGATIONS PRIOR TO REDEVELOPMENT AGENCY DISSOLUTION

RECOMMENDATION

Adopt Resolution OB-02-2016

RESULT OF RECOMMENDED ACTION

Adoption of these resolutions will allow the Rancho Cordova Successor Agency (the "Agency") to make payments to the city for monies loaned prior to redevelopment dissolution, as a result of insufficient revenues from tax increment, and place the repayment(s) on future Recognized Obligation Payment Schedules (ROPS).

BACKGROUND

When the Redevelopment Agency was created, the City Council adopted the Redevelopment Plan for the Rancho Cordova Redevelopment Project Area and the Redevelopment Agency commenced certain activities necessary to initiate redevelopment within the project area. Since the newly formed project area did not initially generate tax increment revenue, the City entered into a reimbursement agreement with the Community Redevelopment Agency of the City of Rancho Cordova (the "Redevelopment Agency") to cover cost associated with (i) the establishment of the Redevelopment Agency, (ii) the preparation of the proposed redevelopment plan, and (iii) the implementation of the redevelopment program for the project area (the "Reimbursement Agreement").

Rather than loaning a specific amount to the Redevelopment Agency, the Reimbursement Agreement was structured like a line of credit which allowed funds to be used only in those years where expenditures exceeded revenues. This structure allowed the Redevelopment Agency to be financially prudent by avoiding interest accumulated on balances before they were needed. The agreement was to continue in full force and effect until the Redevelopment Agency had fully satisfied all repayment and reimbursement obligations to the City. The Redevelopment Agency drew on the Reimbursement Agreement six (6) times over the life of the Redevelopment Agency, beginning in fiscal year 2004-05 and continuing through dissolution in fiscal year 2011-12. A total of three (3) years, with an outstanding principal balance of \$5,565,615, remain outstanding as of June 30, 2016. The Department of Finance (the "DOF") has approved the repayment of the FY 2007-08 loan totaling \$495,691 and had denied the repayment of both FY 2010-11 and 2011-12, which have a combined outstanding principal balance of \$5,069,924.

In 2011, Assembly Bill 1x 26 (Stats. 2011, chap.5) added a new Part 1.85 to Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 et seq.), which was subsequently modified by the California Supreme Court in California Redevelopment Association v. Matosantos (2011) 53 Cal.4th 231 and by Assembly Bill 1484 (Stats. 2012, chap. 26, effective June 27, 2012), which was further modified by Assembly Bill 113 (effective 2015) (the "Dissolution Act"), and in accordance therewith, all redevelopment agencies in the State of California, including the Community Redevelopment Agency of the City of Rancho Cordova, were dissolved effective February 1, 2012. Also on this date, all assets, properties, contracts, leases, books and records, building, and equipment of the former Redevelopment Agency were transferred to the Rancho Cordova Successor Agency.

During the processes of dissolving the former Redevelopment Agency, the Agency requested funding through the ROPS process to reimburse the City for monies loaned to the Redevelopment Agency for administrative cost, enforceable obligations and project-related expenses prior to dissolution. These loans were necessary since the Redevelopment Agency was not receiving sufficient property tax increment to meet its obligations as a result of low assessed property values. The dissolution legislation specified under HSC section 34171 (d) (2) that loan agreements entered into within the first two years are considered enforceable obligations. Although the funding was provided by the City to the former Redevelopment Agency under the terms of the Reimbursement Agreement, which met the terms of HSC section 34171 (d)(2), the DOF denied a majority of the loan balance as an enforceable obligation based on the dates the transfer of monies occurred rather than the date of the Reimbursement Agreement.

At both the direction of the DOF and the Courts, these loans were removed from the Agency's ROPS until the loans could be reconsidered under the Postcompliance Provisions of the Dissolution Act. These provisions allow prior loan agreements between cities and former redevelopment agencies, which have previously been deemed to be unenforceable by the DOF, to be treated as enforceable obligations on the ROPS, beginning in FY 2013-14, if the Agency received a Finding of Completion ("FOC") from the DOF, and if the Oversight Board finds that the loan agreement was for legitimate redevelopment purposes.

The Agency received its FOC on April 26, 2013 and the Oversight Board made the required finding on September 9, 2013 with the adoption of Resolution No OB-03-2013. The Oversight Board action was provided to the DOF for review, and on October 29, 2013, the Agency received notification from the DOF the Oversight Board action was approved and the Agency could place the loan agreements on future ROPS for repayment, subject to the repayment formula outlined in the Dissolution Act.

Although the Agency listed the agreement on multiple ROPS, without question by the DOF, the Agency did not have funding available to start repayment until the 15-16A ROPS, at which time the DOF denied the loan agreement as an enforceable obligation. The Agency requested a Meet and Confer, and on May 15, 2015, the DOF reversed its original decision and allowed the Agency to make its first repayment in the amount of \$93,933.

The Agency listed the next eligible payment, in accordance with the repayment terms of the Dissolution Act, on the 16-17 ROPS, which was approved by the Oversight Board, and submitted to the DOF for review. Once again, the DOF denied the loan agreement as an enforceable obligation, although a clear reason for the denial was not provided. The Agency requested a Meet and Confer, and on May 17, 2016, the DOF notified the Agency that only the portion of the loan amount related to funding provided in FY 2007-08 qualified as an enforceable obligation and monies loaned in fiscal years 2010-11 and 2011-12 were not covered by the Reimbursement Agreement since the transfer of money occurred after June 27, 2011.

In preparation for the Meet and Confer, staff had prepared a schedule that showed the monies loaned by the City to the Redevelopment Agency, in both Fiscal Year 2010-11 and 2011-12, were used to cover the payment of enforceable obligations for which the Agency did not have sufficient property tax increment to cover. Based on this information, the DOF has now directed the Agency to create new loan agreement(s) which clearly identifies a shortfall, submit the agreement(s) to the Oversight Board for approval and list the new agreements on the ROPS as a new line item pursuant section

34173(h)(1) of the Dissolution Act, which relates to monies loaned as a result of insufficient revenues.

The attached loan agreements were approved by the Successor Agency during its September 6th meeting. In accordance with requirement of the Dissolution Act, the Successor Agency is now submitting the loan agreements to the Oversight Board for review and approval. Following the Oversight Board's approval of loan agreements, the Successor Agency will electronically submit the Oversight Board action to the DOF. The DOF has five business days after submission to request a review of the action otherwise the action shall become effective thereafter.

FINANCIAL ANALYSIS

Approval of these loan agreements by both the Oversight Board and the Department of Finance is necessary in order for any future repayments to occur. Once approved, the Agency can begin listing these loans on its ROPS as a new enforceable obligation, beginning with ROPS 17-18. The soonest payments could begin would be July 1, 2017, and the annual payments would be limited to amounts determined by the total Redevelopment Property Tax Trust Funds (RPTTF) available after all other enforceable obligations of the Agency have been met.

ATTACHMENT

Resolution No. OB-02-2016 including Exhibits.

RESOLUTION NO. OB-02-2016

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF RANCHO CORDOVA APPROVING LOAN AGREEMENTS BETWEEN THE CITY OF RANCHO CORDOVA AND THE SUCCESSOR AGENCY FOR FISCAL YEARS 2010-11 AND 2011-12 FOR FUNDS ADVANCED TO PAY ENFORCEABLE OBLIGATIONS PRIOR TO REDEVELOPMENT AGENCY DISSOLUTION

WHEREAS, in 2011, Assembly Bill 1x 26 (Stats. 2011, chap.5) added a new Part 1.85 to Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 *et seq.*), which was subsequently modified by the California Supreme Court in *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231 and by Assembly Bill 1484 (Stats. 2012, chap. 26, effective June 27, 2012), which was further modified by Assembly Bill 113 (effective 2015) (the "**Dissolution Act**"), and in accordance therewith, all redevelopment agencies in the State of California, including the Community Redevelopment Agency of the City of Rancho Cordova (the "**Redevelopment Agency**"), were dissolved effective February 1, 2012. Also on this date, all assets, properties, contracts, leases, books and records, building, and equipment of the former Redevelopment Agency were transferred to the Rancho Cordova Successor Agency (the "**Successor Agency**"); and

WHEREAS, pursuant to Resolution No. 1-2012, adopted by the City Council on January 10 2012, the City Council designated itself as the Successor Agency to the Redevelopment Agency pursuant to the Community Redevelopment Law, California Health and Safety Code section 33000 *et seq.*; and

WHEREAS, California Health and Safety Code Section 34173(h)(1) allows a city that authorized the creation of a redevelopment agency to loan funds to its successor agency for administrative costs, enforceable obligations or project-related expenses at the city's discretion, provided that the receipt and use of these funds is reflected on the Recognized Obligation Payment Schedule or the administrative budget of the successor agency and are subject to the oversight and approval of the Oversight Board; and

WHEREAS, California Health and Safety Code Section 34173(h)(1) further states that an enforceable obligation shall be deemed to be created for the repayment of these loans; and

WHEREAS, the Redevelopment Agency was not receiving sufficient tax increment revenue prior to dissolution to continue to make payments on enforceable obligations, as required by Health and Safety Code Section 34177(a)(1); and

WHEREAS, the City advanced monies in fiscal years 2010-11 and 2011-12 to allow the Redevelopment Agency to make the required payments; and

WHEREAS, under direction from the Department of Finance ("DOF"), in its response letter to the ROPS 16-17 Meet and Confer, the Successor Agency wishes to formally create new loan agreements, one for each fiscal year, and commence repayment of said loans starting with ROPS 17-18.

NOW THEREFORE, BE IT HEREBY RESOLVED by the Oversight Board to the Successor Agency that it hereby approves the action taken by the Successor Agency on September 9, 2016 authorizing a Loan Agreement (**Exhibit A**) for Fiscal Year 2010-11, in the amount of \$2,702,160, and a Loan Agreement (**Exhibit B**) for Fiscal Year 2011-2012, in the amount of \$2,367,764, between the City of Rancho Cordova and the Successor Agency for monies used to pay enforceable obligations prior to redevelopment agency dissolution.

PASSED AND ADOPTED by the Oversight Board of the Successor Agency to the former Community Redevelopment Agency of the City of Rancho Cordova on the ____ day of _____, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

David Sander, Oversight Board Chair

ATTEST:

Mindy Cuppy, MMC, City Clerk

LOAN AGREEMENT

THIS LOAN AGREEMENT (this “**Agreement**”) is entered into as of September 9, 2016 (“**Effective Date**”) by and between the Successor Agency to the Former Community Redevelopment Agency of the City of Rancho Cordova, a public body corporate and politic (the “**Successor Agency**”) and the City of Rancho Cordova, California a municipal corporation (the “**City**”).

RECITALS

A. In 2011, Assembly Bill 1x 26 (Stats. 2011, chap.5) added a new Part 1.85 to Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 *et seq.*), which was subsequently modified by the California Supreme Court in *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231 and by Assembly Bill 1484 (Stats. 2012, chap. 26, effective June 27, 2012), which was further modified by Assembly Bill 113 (effective 2015) (the “**Dissolution Act**”), and in accordance therewith, all redevelopment agencies in the State of California, including the Community Redevelopment Agency of the City of Rancho Cordova, were dissolved effective February 1, 2012. Also on this date, all assets, properties, contracts, leases, books and records, building, and equipment of the former Redevelopment Agency were transferred to the Rancho Cordova Successor Agency.

B. On January 10, 2012, the City Council designated itself as the Successor Agency to the Redevelopment Agency pursuant to the Community Redevelopment Law, California Health and Safety Code section 33000 *et seq.*

C. As a result of the downturn in the economy, starting in Fiscal Year 2010-11, the assessed value of property located in the Redevelopment Plan Area fell below the frozen base established during Redevelopment Agency formation, resulting in little to no tax increment revenue being available to the Redevelopment Agency for the payment of administrative costs, enforceable obligations or project-related expenses.

D. The Redevelopment Agency relied on City loans made under the terms of a 2005 reimbursement agreement between the City and the Redevelopment Agency to continue to make payment for administrative costs, enforceable obligations and project-related expenses during this time.

E. In April 2016, the Department of Finance, during its review of the 16-17 ROPS, determined that the existing reimbursement agreement could not cover monies that were advanced after June 27, 2011, as a result of insufficient revenues, but rather the funds should have been received under the terms of California Health and Safety Code section 34173(h)(1).

F. California Health and Safety Code section 34173(h)(1) allows a City that authorized the creation of a Redevelopment Agency to loan funds to its Successor Agency for administrative costs, enforceable obligations or project-related expenses at the city’s discretion, provided that the receipt and use of these funds is reflected on the Recognized Obligation Payment Schedule (the “**ROPS**”) or the administrative budget of the successor agency and that an enforceable obligation shall be deemed to be created for the repayment of those loans.

G. The Successor Agency and the City now desire to enter into a loan agreement pursuant to Section 34173(h)(1), as described above, for the purposes of paying for the administrative costs, enforceable obligations and project-related expenses incurred by the Redevelopment Agency during a time when the Redevelopment Agency had insufficient

property tax increment. Without a loan, the Redevelopment Agency would have had no ability to meet its obligations.

H. The Agreement shall cover Fiscal Year 2010-11 which includes administrative cost, enforceable obligations and project-related cost paid between July 1, 2010 and June 30, 2011, as outlined in **Attachment A**.

I. The Successor Agency and the City have each determined that the loan pursuant to the terms of this Agreement is and was in the interests of the health, safety and welfare of the residents of the City.

NOW, THEREFORE, the Successor Agency and the City agree as follows:

1. Loan. The City agrees that on June 30, 2011, it loaned the Redevelopment Agency, and the Successor Agency agrees the Redevelopment Agency received from, and is obligated to repay to the City, an amount totaling \$2,702,160 (the "**Loan**") upon the terms and conditions and for the purposes set forth in this Agreement.

2. Interest Rate; Maturity Date; Prepayment. Interest shall be calculated on a fixed annual simple basis, starting July 1, 2011 and applied to the outstanding principal amount until fully paid, at a rate not to exceed the most recently published interest rate earned by funds deposited into the Local Agency Investment Fund during the previous fiscal quarter. Repayment of loan shall be applied first to principal, and second to interest, and shall be repaid solely from Redevelopment Property Tax Trust Funds ("RPTTF"), the source of funds originally approved for payment of the underlying enforceable obligation, once sufficient funds become available. Loan repayment shall be subordinate to other approved enforceable obligations and shall be repaid to the extent RPTTF allocated to the Successor Agency is available after fulfilling other enforceable obligations approved in the ROPS.

3. Use of Loan Proceeds. The Loan proceeds were used solely to pay administrative costs, enforceable obligations and project-related expenses of the Redevelopment Agency, and later to the Successor Agency.

4. Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

5. Amendments. No amendment to or modification of this Agreement shall be effective unless and until such amendment or modification is in writing, properly approved in accordance with applicable procedures, and executed by the Parties.

6. Non-Liability of Officials, Employees and Agents. No member, official, employee or agent of the Agency shall be personally liable to City in the event of any default or breach by the Agency, or for any amount of money which may become due to City or its successor, or for any obligation of Agency under this Agreement.

7. No Third Party Beneficiaries. There shall be no third party beneficiaries to this Agreement.

8. Headings. The headings of the sections and paragraphs of this Agreement have been inserted for convenience only and shall not be used to construe this Agreement.

EXHIBIT A

9. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to principles of conflicts of law.

10. Recitals. The Recitals set forth above are hereby incorporated into this Agreement as though fully set herein.

11. Remedies. If either Party breaches any of its obligations hereunder, the other Party shall have all remedies for such breach available at law or in equity, including without limitation, damages, and the right to compel the defaulting party to specifically perform its obligations under this Agreement.

12. Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties are materially altered or abridged by such invalidation, voiding or unenforceability.

14. Entire Agreement. This Agreement, together with the Note contains the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements between the Parties with respect thereto.

15. Notices. Notices delivered pursuant to this Agreement shall be delivered personally or by first class mail to the Parties at the addresses set forth below or such other address as a Party may designate in writing by notice delivered to the other Party.

Agency: Successor Agency of the City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: Executive Director

City: City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: City Manager

IN WITNESS WHEREOF, the Parties have executed this Loan Agreement as of the date first written above.

RANCHO CORDOVA SUCCESSOR AGENCY

By: _____
Executive Director

Attest: _____
Agency Secretary

Approved as to form:

Agency Counsel

CITY OF RANCHO CORDOVA

By: _____
City Manager

Attest: _____
City Clerk

Approved as to form:

City Attorney

FY 2010-11
Schedule of Revenues and Expenditures

<u>Enforceable Obligation</u>	<u>Property Tax Revenues</u>	<u>Expenditures</u>
Admin		251,977.95
Property Maintenance		3,444.48
Direct Levies		532.40
Audit Services		4,175.00
Lawsuit		577,589.24
Pre Dissolution Contracts		2,420,553.21
FY 2010-11 Total	<u>556,112.19</u>	<u>\$3,258,272.28</u>
	2010-11 Funding Deficit	<u>\$2,702,160.09</u>

LOAN AGREEMENT

THIS LOAN AGREEMENT (this “**Agreement**”) is entered into as of September 9, 2016 (“**Effective Date**”) by and between the Successor Agency to the Former Community Redevelopment Agency of the City of Rancho Cordova, a public body corporate and politic (the “**Successor Agency**”) and the City of Rancho Cordova, California a municipal corporation (the “**City**”).

RECITALS

A. In 2011, Assembly Bill 1x 26 (Stats. 2011, chap.5) added a new Part 1.85 to Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 *et seq.*), which was subsequently modified by the California Supreme Court in *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231 and by Assembly Bill 1484 (Stats. 2012, chap. 26, effective June 27, 2012), which was further modified by Assembly Bill 113 (effective 2015) (the “**Dissolution Act**”), and in accordance therewith, all redevelopment agencies in the State of California, including the Community Redevelopment Agency of the City of Rancho Cordova, were dissolved effective February 1, 2012. Also on this date, all assets, properties, contracts, leases, books and records, building, and equipment of the former Redevelopment Agency were transferred to the Rancho Cordova Successor Agency.

B. On January 10, 2012, the City Council designated itself as the Successor Agency to the Redevelopment Agency pursuant to the Community Redevelopment Law, California Health and Safety Code section 33000 *et seq.*

C. As a result of the downturn in the economy, starting in Fiscal Year 2010-11, the assessed value of property located in the Redevelopment Plan Area fell below the frozen base established during Redevelopment Agency formation, resulting in little to no tax increment revenue being available to the Redevelopment Agency for the payment of administrative costs, enforceable obligations or project-related expenses.

D. The Redevelopment Agency relied on City loans made under the terms of a 2005 reimbursement agreement between the City and the Redevelopment Agency to continue to make payment for administrative costs, enforceable obligations and project-related expenses during this time.

E. In April 2016, the Department of Finance, during its review of the 16-17 ROPS, determined that the existing reimbursement agreement could not cover monies that were advanced after June 27, 2011, as a result of insufficient revenues, but rather the funds should have been received under the terms of California Health and Safety Code section 34173(h)(1).

F. California Health and Safety Code section 34173(h)(1) allows a City that authorized the creation of a Redevelopment Agency to loan funds to its Successor Agency for administrative costs, enforceable obligations or project-related expenses at the city’s discretion, provided that the receipt and use of these funds is reflected on the Recognized Obligation Payment Schedule (the “**ROPS**”) or the administrative budget of the successor agency and that an enforceable obligation shall be deemed to be created for the repayment of those loans.

G. The Successor Agency and the City now desire to enter into a loan agreement pursuant to Section 34173(h)(1), as described above, for the purposes of paying for the administrative costs, enforceable obligations and project-related expenses incurred by the Redevelopment Agency during a time when the Redevelopment Agency had insufficient

property tax increment. Without a loan, the Redevelopment Agency would have had no ability to meet its obligations.

H. The Agreement shall cover Fiscal Year 2011-12 which includes administrative cost, enforceable obligations and project-related cost paid between July 1, 2011 and January 31, 2012, as outlined in **Attachment A**.

I. The Successor Agency and the City have each determined that the loan pursuant to the terms of this Agreement is and was in the interests of the health, safety and welfare of the residents of the City.

NOW, THEREFORE, the Successor Agency and the City agree as follows:

1. Loan. The City agrees that on January 31, 2012, it loaned the Redevelopment Agency, and the Successor Agency agrees the Redevelopment Agency received from, and is obligated to repay to the City, an amount totaling \$2,367,764 (the "**Loan**") upon the terms and conditions and for the purposes set forth in this Agreement.

2. Interest Rate; Maturity Date; Prepayment. Interest shall be calculated on a fixed annual simple basis, starting February 1, 2012 and applied to the outstanding principal amount until fully paid, at a rate not to exceed the most recently published interest rate earned by funds deposited into the Local Agency Investment Fund during the previous fiscal quarter. Repayment of loan shall be applied first to principal, and second to interest, and shall be repaid solely from Redevelopment Property Tax Trust Funds ("RPTTF"), the source of funds originally approved for payment of the underlying enforceable obligation, once sufficient funds become available. Loan repayment shall be subordinate to other approved enforceable obligations and shall be repaid to the extent RPTTF allocated to the Successor Agency is available after fulfilling other enforceable obligations approved in the ROPS.

3. Use of Loan Proceeds. The Loan proceeds were used solely to pay administrative costs, enforceable obligations and project-related expenses of the Redevelopment Agency, and later to the Successor Agency.

4. Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

5. Amendments. No amendment to or modification of this Agreement shall be effective unless and until such amendment or modification is in writing, properly approved in accordance with applicable procedures, and executed by the Parties.

6. Non-Liability of Officials, Employees and Agents. No member, official, employee or agent of the Agency shall be personally liable to City in the event of any default or breach by the Agency, or for any amount of money which may become due to City or its successor, or for any obligation of Agency under this Agreement.

7. No Third Party Beneficiaries. There shall be no third party beneficiaries to this Agreement.

8. Headings. The headings of the sections and paragraphs of this Agreement have been inserted for convenience only and shall not be used to construe this Agreement.

EXHIBIT B

9. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to principles of conflicts of law.

10. Recitals. The Recitals set forth above are hereby incorporated into this Agreement as though fully set herein.

11. Remedies. If either Party breaches any of its obligations hereunder, the other Party shall have all remedies for such breach available at law or in equity, including without limitation, damages, and the right to compel the defaulting party to specifically perform its obligations under this Agreement.

12. Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties are materially altered or abridged by such invalidation, voiding or unenforceability.

14. Entire Agreement. This Agreement, together with the Note contains the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements between the Parties with respect thereto.

15. Notices. Notices delivered pursuant to this Agreement shall be delivered personally or by first class mail to the Parties at the addresses set forth below or such other address as a Party may designate in writing by notice delivered to the other Party.

Agency: Successor Agency of the City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: Executive Director

City: City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: City Manager

IN WITNESS WHEREOF, the Parties have executed this Loan Agreement as of the date first written above.

RANCHO CORDOVA SUCCESSOR AGENCY

By: _____
Executive Director

Attest: _____
Agency Secretary

Approved as to form:

Agency Counsel

CITY OF RANCHO CORDOVA

By: _____
City Manager

Attest: _____
City Clerk

Approved as to form:

City Attorney

FY 2011-12
Schedule of Revenues and Expenditures

<u>Enforceable Obligation</u>	<u>Revenues</u>	<u>Expenditures</u>
Admin		168,119.03
Property Maintenance		8,310.93
Direct Levies		479.88
Lawsuit		347,102.55
Audit Services		8,225.00
Pre Dissolution Contracts		1,858,506.38
FY 2011-12 Total	<u>\$22,979.69</u>	<u>\$2,390,743.77</u>
		<u>2011-12 Funding Deficit</u>
		<u>\$2,367,764.08</u>



**SPECIAL MEETING OF THE RANCHO CORDOVA OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY OF THE FORMER COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF RANCHO CORDOVA**

**Tuesday, January 26, 2016
4:30 PM**

Rancho Cordova City Hall
2729 Prospect Park Drive, Rancho Cordova CA, 95670
Titan Room, 2nd Floor

OVERSIGHT BOARD MEMBERS

Chair David Sander, City of Rancho Cordova (Chair)
Cyrus Abhar, City of Rancho Cordova (Vice Chair)
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Debbie Bettencourt, Folsom Cordova Unified School District
Amanda Thomas, Sacramento Metro Fire District
Ross Johnson, Member of the Public
Troy Givans, County of Sacramento

DRAFT MINUTES

1. Welcome and Call To Order

The Meeting was called to order by Vice Chair Abhar at 4:30 PM.

Board Members Present: Abhar, Bettencourt, Givans, Johnson, Thomas.

Board Members Absent: Kirklin, Sander.

Staff Present: Cuppy, Mingay, Jackson.

- 2. Public Comment:** Citizens wishing to address the Oversight Board for any matter on the Calendar or not on the agenda may do so at this time by completing and submitting a Speaker Card to the City Clerk. For items on the agenda, speakers will be called up to the podium by the Board Chair at the point on the agenda when the item will be heard. Speakers are encouraged to keep comments to three minutes or less and to state name and

community of residence. Under the provisions of the California Government Code, the Oversight Board is prohibited from discussing or taking immediate action on any item not on the agenda unless it can be demonstrated to be of an emergency nature or the need to take immediate action arose after the posting of the agenda.

Vice Chair Abhar opened the public comment period. There were no speakers. Vice Chair Abhar closed the public comment period.

3. Discussion Items

None.

4. Action Items

- 4.1 Resolution No. OB-1-2016 Approving a Recognized Obligation Payment Schedule (ROPS 16-17) and Administrative Budget for the Period July 2016 through June 2017.

ACTION: Motion by Bettencourt, second by Johnson, and followed by a 5:0 vote; the Board adopted Resolution No. OB-1-2016.

- 4.2 Approval of Minutes of September 22, 2015.

ACTION: Motion by Bettencourt, second by Abhar, and followed by a 3:0 vote (Johnson and Thomas abstained); the Board approved the Minutes from the September 22, 2015 Meeting.

5. Administrative Updates

None.

6. Good of the Order

None.

7. Adjournment

Board Member Campos adjourned the Meeting at 4:37 PM.

Respectfully Submitted,

Mindy Cuppy, MMC, City Clerk