

ADJOURNED REGULAR MEETING OF THE
OVERSIGHT BOARD

For the Successor Agency of the Former Redevelopment Agency of the City of Redlands

Members of the Board:

Paul Foster, Chairperson, appointed by the Mayor of the City of Redlands

Oscar Orci, Vice Chairperson, appointed by the Mayor, representing former redevelopment agency employees

Brad Mason, appointed by County Superintendent of Education

Cindy Saks, appointed by County Flood Control District

David Wert, appointed by County Board of Supervisors

Donna Ferracone, appointed by Chancellor of California Community Colleges

Jose Sandoval, appointed by County Board of Supervisors, representing the public

A G E N D A

The adjourned regular meeting of the Oversight Board of the Successor Agency for the former Redevelopment Agency of the City of Redlands is at the date and time noted below in the City Council Chambers, Civic Center, 35 Cajon Street, Redlands, California, on:

**WEDNESDAY, JULY 25, 2012
3:00 P.M.**

Anyone desiring to speak at this meeting is encouraged, but not required, to turn in a "Speaker Sign-up Sheet." Forms are available prior to the meeting date in the Development Services Department, 210 E. Citrus Avenue, or in the City Council Chambers during the meeting. Speakers are limited to three (3) minutes each. Speakers may not "donate" their time to others.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Jason Montgomery of Municipal Utilities & Engineering Department, 909-798-7584 x5. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

NOTE: Any writings or documents distributed to a majority of the Oversight Board regarding an open session agenda item less than 72 hours before this meeting are available for public inspection at the Development Services Department.

I. CALL TO ORDER AND PUBLIC COMMENT PERIOD - 3 MINUTES

(At this time, the public has the opportunity to address the Oversight Board on any item of interest within the subject matter jurisdiction of the Oversight Board that does not appear on this agenda. The Oversight Board may not discuss or take any action on any public comment made, except that the Oversight Board members or Successor Agency staff may briefly respond to statements made or questions posed by members of the public)

II. CONSENT CALENDAR/APPROVAL OF MINUTES

None.

III. COMMUNICATIONS

None.

IV. NEW BUSINESS

None.

V. OLD BUSINESS

- A. Resolution No OB 2012-010 Approval of a Loan of \$65,607.37 Between the City of Redlands and the Successor Agency to the City of Redlands that was used Towards the Payment of a Demand for Payment from the County of San Bernardino Auditor-Controller
(Assembly Bill 1484 allows the city that authorized the creation of a redevelopment agency to loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion, but the receipt and use of these funds shall be reflected on the Recognized Obligation Payment Schedule or the administrative budget and therefore are subject to the oversight and approval of the oversight board. An enforceable obligation shall be deemed to be created for the repayment of those loans.)
- B. Resolution No OB 2012-011 Approval of a Loan of \$3,157,400 Between the City of Redlands and the Successor Agency to the City of Redlands to Allow for the Payment of Enforceable Obligations Incurred from July through December, 2012
(Assembly Bill 1484 allows the city that authorized the creation of a redevelopment agency to loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion, but the receipt and use of these funds shall be reflected on the Recognized Obligation Payment Schedule or the administrative budget and therefore are subject to the oversight and approval of the oversight board. An enforceable obligation shall be deemed to be created for the repayment of those loans.)
- C. Resolution No. OB 2012-012 Approval of a Recognized Obligation Payment Schedule for January through June 2013 (The Recognized Obligation Payment Schedule sets forth the minimum payment amounts and due dates of payments required by enforceable obligations for the six-month fiscal period)

VI. ADJOURNMENT

(Note that, in general, the above actions of the Oversight Board shall not become effective for five (5) business days, pending any request by the Department of Finance (DOF). If the DOF requests review of any of the above Board actions, the DOF will have up forty (40) days from the date of its request to approve the Board action or return the action to the Board for reconsideration. If the DOF returns the action unopposed, then any such modified action does not become effective until approved by the DOF.)



ROBERT D. DALQUEST, AICP
ASSISTANT DEVELOPMENT SERVICES DIRECTOR
SUCCESSOR AGENCY STAFF

REQUEST FOR OVERSIGHT BOARD ACTION

SUBJECT: CONSIDERATION OF RESOLUTION NO. OB 2012-010 APPROVING A \$65,607.37 LOAN BETWEEN THE CITY OF REDLANDS AND THE SUCCESSOR AGENCY IN CONNECTION WITH A DEMAND FOR PAYMENT FROM THE COUNTY OF SAN BERNARDINO AUDITOR-CONTROLLER TREASURER/TAX COLLECTOR PURSUANT TO SECTION 34183.5(B)(2)(A) OF THE CALIFORNIA HEALTH AND SAFETY CODE

MOTION:

"I move to approve Resolution No. OB 2012-010."

DISCUSSION:

The Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Redlands (the "Oversight Board") has been established to direct the Successor Agency to take certain actions to wind down the affairs of the former Redevelopment Agency in accordance with the California Health and Safety Code.

On February 21, 2012, the Successor Agency approved a draft Recognized Obligation Payment Scheduled (ROPS) for July through December 2012. On May 25, 2012, the State of California Department of Finance approved all of the items listed on the ROPS.

Assembly Bill No. 1484, signed into law on June 27, 2012, significantly modifies AB 1X26, the redevelopment agency dissolution bill. The bill includes a mechanism for recovering and distributing to taxing agencies property taxes that were allocated to a successor agency for the January 1, 2012 – June 30, 2012 period, but not expended during that same period.

The Successor Agency received \$3,928,752 in tax increment for the period November 2011 to January 31, 2012, but the approved ROPS for January through June 2012 only totaled \$1,061,700. Pursuant to the new legislation, on July 11, 2012 the County Auditor-Controller sent the Successor Agency a demand for payment of \$2,601,269 (netting out \$265,783 in pass-through payments), essentially disallowing expenditures that were made by the Redevelopment Agency or Successor Agency from July 2011 to December 2012. The payment to the County Auditor-Controller was made on July 12, 2012, under protest and with reservation of rights.

To make the payment, the Successor Agency used the \$2,535,662 balance held in its Successor Agency Funds and a \$65,607.37 loan from the City. The loan accrues

at the current Local Agency Investment Fund (LAIF) interest rate of 0.38% and is to be repaid from future property tax distributions from the County Auditor-Controller.

Pursuant to Section 34173(h) of Assembly Bill No. 1484, the city that authorized the creation of a redevelopment agency may loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project-related expenses. The receipt of the funds shall be reflected on the Recognized Obligation Payment Schedule or the administrative budget of the Successor Agency and therefore subject to the oversight and approval of the Oversight Board.

ATTACHMENTS:

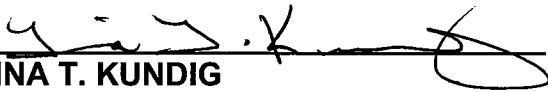
1. Resolution No. OB 2012-010
2. Promissory Note

Respectfully submitted,



ROBERT DALQUEST, AICP

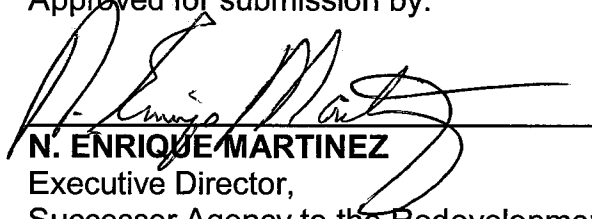
Assistant Development Services Director
Successor Agency to the Redevelopment Agency



TINA T. KUNDIG

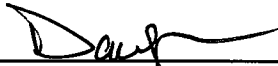
Finance Director/City Treasurer,
Successor Agency to the Redevelopment Agency

Approved for submission by:



N. ENRIQUE MARTINEZ

Executive Director,
Successor Agency to the Redevelopment Agency



DANIEL J. McHUGH

General Counsel,
Successor Agency to the Redevelopment Agency

RESOLUTION NO. OB 2012-010

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS APPROVING A \$65,607.37 LOAN BETWEEN THE CITY OF REDLANDS AND THE SUCCESSOR AGENCY IN CONNECTION WITH A DEMAND FOR PAYMENT FROM THE COUNTY OF SAN BERNARDINO AUDITOR-CONTROLLER TREASURER/TAX COLLECTOR PURSUANT TO SECTION 34183.5(B)(2)(A) OF THE CALIFORNIA HEALTH AND SAFETY CODE

WHEREAS, On July 11, 2012 the Successor Agency to the former Redevelopment Agency of the City of Redlands (the "Successor Agency") received a demand for payment in the amount of \$2,601,269 (the "Payment") from the San Bernardino County Auditor-Controller/Treasurer/Tax Collector pursuant to section 34183.5(b)(2)(A) of the Health and Safety Code; and

WHEREAS, On July 12, 2012, the Successor Agency made the Payment to the County of San Bernardino Auditor-Controller/Treasurer/Tax Collector, using the \$2,535,662 balance held in its Successor Agency Funds and a \$65,607 loan from the City of Redlands; and

WHEREAS, Pursuant to section 34173(h) of the Health and Safety Code, the city that authorized the creation of a redevelopment agency may loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project-related expenses. The receipt of the funds shall be reflected on the Recognized Obligation Payment Schedule or the administrative budget of the Successor Agency and therefore subject to the oversight and approval of the Oversight Board.

NOW, THEREFORE, BE IT RESOLVED, BY the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Redlands as follows:

Section 1. The Oversight Board hereby approves the loan between the City of Redlands and the Successor Agency.

Section 2. The Oversight Board hereby directs the Successor Agency to reflect the receipt of the funds on the Recognized Obligation Payment Schedule.

Section 3. The Secretary for the Oversight Board shall certify to the adoption of this Resolution.

Section 4. Pursuant to California Health and Safety Code section 34179, all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

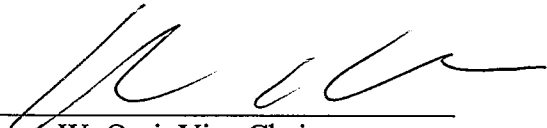
PASSED, APPROVED and ADOPTED at an adjourned regular meeting of the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Redlands held this 25th day of July, 2012 by the following vote:

AYES:

NOES:

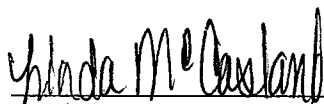
ABSENT:

ABSTAIN:



Oscar W. Orci, Vice Chairperson
Oversight Board of Successor Agency
To Redevelopment Agency

ATTEST:



Linda McCasland
Oversight Board Secretary

PROMISSORY NOTE

\$65,607.37

July 11, 2012
Redlands, California

For value received, the Successor Agency to the former Redevelopment Agency of the City of Redlands (the "Borrower") promises to pay to the **CITY OF REDLANDS**, a public body, corporate and politic (the "City"), at the City's office at 35 Cajon Street, Redlands, California 92373, or such other place as the City may designate in writing, the principal sum of Sixty Five Thousand Six Hundred Seven and Thirty Seven One Hundredths Dollars (\$65,607.37) (the "Note Amount"), in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

1. Interest. Simple interest shall accrue upon the Note Amount at the rate of thirty-eight one hundredths of one percent (0.38%) per annum upon such obligation, fully amortized over the term (the "Term") ending as of June 30, 2017 (the "Maturity Date"); excepting that in the event of the occurrence of any Event of Default, interest shall thereupon accrue at the rate of ten percent (10%) per annum (provided that in the event such interest rate exceeds the maximum interest which may be lawfully charged, then this Note shall be deemed to instead provide for interest to be charged at the highest interest rate that may be charged pursuant to applicable laws).

2. Repayment of Note Amount. Payment shall be due in full, including accrued interest, on the Maturity Date. If the Note is not paid upon the Maturity Date, the failure to make the payment shall be an event of default by the Borrower. There shall not be a penalty if the Note is paid in full prior to the Maturity Date.

3. Waivers.

(a) The Borrower expressly agrees that this Note, or any payment hereunder, may be extended from time to time at the sole discretion of the City Manager and that the City may accept security in consideration for any such extension or release any security for this Note at its sole discretion, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note made by agreement by the City with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of the Borrower under this Note, either in whole or in part.

(c) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

(d) The Borrower waives presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights of interests in or to properties securing of this Note, and the benefit of any exemption under any homestead exemption laws, if applicable.

(e) No previous waiver and no failure or delay by the City in acting with respect to the terms of this Note shall constitute a waiver of any breach, default, or failure or condition under this Note. A waiver of any term of this Note must be made in writing and shall be limited to the express written terms of such waiver.

4. Attorneys' Fees and Costs. The Borrower agrees that if any amounts due under this Note are not paid when due, to pay in addition, all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

5. Amendments and Modifications. This Note may not be changed orally, but only by an amendment in writing signed by the Borrower and by the City.

6. City May Assign. The City may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

7. Borrower Assignment Prohibited. In no event shall the Borrower assign or transfer any portion of this Note without the prior express written consent of the City, which consent may be given or withheld in the City's sole discretion.

8. Acceleration and Other Remedies. Upon the occurrence of the event of default set forth in Section 3 hereof, the City may, at the City's option, declare the outstanding principal amount of this Note, together with the then accrued and unpaid interest thereon and other charges hereunder, to be due and payable immediately, and upon such declaration, such principal and interest and other sums shall immediately become and be due and payable without demand or notice. All costs of collection, including, but not limited to, reasonable attorneys' fees may be added to the principal hereunder, and shall accrue interest as provided herein. Any delay or omission on the part of the City in exercising any right hereunder shall not operate as a waiver of such right, or of any other right. No single or partial exercise of any right or remedy hereunder shall preclude other or further exercises thereof, or the exercise of any other right or remedy. The acceptance of payment of any sum payable hereunder, or part thereof, after the due date of such payment shall not be a waiver of the City's right to either require prompt payment when due of all other sums payable hereunder or to declare an event of default for failure to make prompt or complete payment.

9. Consents. The Borrower hereby consents to: (a) any renewal, extension or modification (whether one or more) of the terms or time of payment under this Note, (b) the granting of any other indulgences to the Borrower, and (c) the taking or releasing of other or additional parties primarily or contingently liable hereunder. Any such renewal, extension, modification, release, surrender, exchange or substitution may be made without notice to the Borrower or to any endorser, guarantor or surety hereof, and without affecting the liability of said parties hereunder.

10. Successors and Assigns. Whenever "City" is referred to in this Note, such reference shall be deemed to include the City of Redlands and its successors and assigns, including, without limitation, any subsequent assignee or holder of this Note. All covenants, provisions and agreements by or on behalf of the Borrower shall inure to the benefit of the City and the City's successors and assigns.

11. Usury. It is the intention of the Borrower and the City to conform strictly to the Interest Law, as defined below, applicable to this loan transaction. Accordingly, it is agreed that

notwithstanding any provision to the contrary in this Note the aggregate of all interest and any other charges or consideration constituting interest under the applicable Interest Law that is taken, reserved, contracted for, charged or received under this Note shall under no circumstances exceed the maximum amount of interest allowed by the Interest Law applicable to this loan transaction. If any excess of interest in such respect is provided for in this Note, then, in such event:

- (a) The provisions of this paragraph shall govern and control;
- (b) Neither the Borrower nor the Borrower's, legal representatives, successors or assigns shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest allowed by the Interest Law applicable to this loan transaction;
- (c) Any excess shall be deemed canceled automatically and, if theretofore paid, shall be credited on this Note by the City or, if this Note shall have been paid in full, refunded to the Borrower; and
- (d) The effective rate of interest shall be automatically subject to reduction to the Maximum Legal Rate of Interest (as defined below), allowed under such Interest Law, as now or hereafter construed by courts of appropriate jurisdiction. To the extent permitted by the Interest Law applicable to this loan transaction, all sums paid or agreed to be paid to the City for the use, forbearance or detention of the indebtedness evidenced hereby shall be amortized, prorated, allocated and spread throughout the full term of this Note. For purposes of this Note, "Interest Law" shall mean any present or future law of the State of California, the United States of America, or any other jurisdiction which has application to the interest and other charges under this Note. The "Maximum Legal Rate of Interest" shall mean the maximum rate of interest that the City may from time to time charge Borrower, and under which the Borrower would have no claim or defense of usury under the Interest Law.

12. Miscellaneous. Time is of the essence hereof. This Note shall be governed by and construed under the laws of the State of California except to the extent Federal laws preempt the laws of the State of California. The Borrower irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of San Bernardino, in connection with any legal action or proceeding arising out of or relating to this Note. The Borrower also waives any objection regarding personal or *in rem* jurisdiction or venue.

BORROWER:

**SUCCESSOR AGENCY TO THE FORMER
REDEVELOPMENT AGENCY OF THE CITY
OF REDLANDS**

By: Pete Aguilar
Name: Pete Aguilar
Its: Chairperson

REQUEST FOR OVERSIGHT BOARD ACTION

SUBJECT: CONSIDERATION OF RESOLUTION NO. OB 2012-011 APPROVING A \$3,157,400 LOAN BETWEEN THE CITY OF REDLANDS AND THE SUCCESSOR AGENCY TO PAY FOR ENFORCEABLE OBLIGATIONS OF THE SUCCESSOR AGENCY

MOTION:

"I move to approve Resolution No. OB 2012-011."

DISCUSSION:

The Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Redlands (the "Oversight Board") has been established to direct the Successor Agency to take certain actions to wind down the affairs of the former Redevelopment Agency in accordance with the California Health and Safety Code.

On February 21, 2012, the Successor Agency approved a draft Recognized Obligation Payment Scheduled (ROPS) for July through December 2012. On May 25, 2012, the State of California Department of Finance approved all of the items listed on the ROPS.

Assembly Bill No. 1484, signed into law on June 27, 2012, significantly modifies AB 1X26, the redevelopment agency dissolution bill. The bill includes a mechanism for recovering and distributing to taxing agencies property taxes that were allocated to a successor agency for the January 1, 2012 – June 30, 2012 period, but not expended during that same period.

The Successor Agency received \$3,928,752 in tax increment for the period November 2011 to January 31, 2012, but the approved Recognized Obligation Payment Schedule (ROPS) for January through June 2012 only totaled \$1,061,700. Pursuant to the new legislation, on July 11, 2012 the County Auditor-Controller sent the Successor Agency a demand for payment of \$2,601,269 (netting out \$265,783 in pass-through payments), essentially disallowing expenditures that were made by the Redevelopment Agency or Successor Agency from July 2011 to December 2012. The payment to the County Auditor-Controller was made on July 12, 2012, under protest and with reservation of rights.

To make the payment, the Successor Agency used the \$2,535,662 balance held in its Successor Agency Funds and a \$65,607.37 loan from the City. The balance in the Successor Agency Funds included the unexpended portion of tax increment received prior to February 1, 2012 and a distribution of \$1,958,561 received in June from the County Auditor-Controller to be used towards obligations on the July through December 2012 ROPS. The obligations on this ROPS totaled \$3,157,400, but the distribution was

significantly less as it only reflected the amount of tax increment that would have been generated from February 1 through April 30.

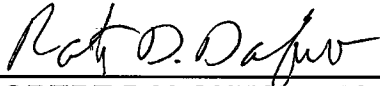
Because all of the funds in the Successor Agency Funds have been used to make the payment to the County Auditor-Controller, the Successor Agency is requesting a loan of \$3,157,400 (See Attachment "B") from the City to pay for the enforceable obligations for July to December 2012. The loan would accrue interest at the current Local Agency Investment Fund (LAIF) interest rate of 0.38% and be repaid from future reserves established by an enforceable obligation on forthcoming ROPS via property tax distributions from the County Auditor-Controller.

Pursuant to Section 34173(h) of Assembly Bill No. 1484, the city that authorized the creation of a redevelopment agency may loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project-related expenses. The receipt of the funds shall be reflected on the Recognized Obligation Payment Schedule or the administrative budget of the Successor Agency and therefore subject to the oversight and approval of the Oversight Board.

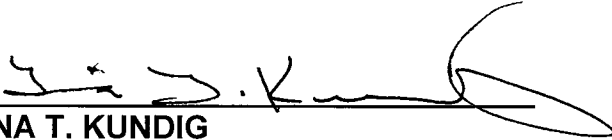
ATTACHMENT:

- A. Resolution No. OB 2012-011
- B. Loan Documents
- C. Recognized Obligation Payment Schedule for July 1, 2012 through December 31, 2012

Respectfully submitted,

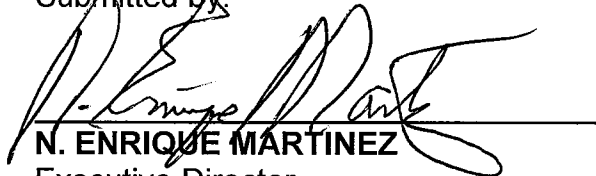


ROBERT DALQUEST, AICP
Assistant Development Services Director,
Successor Agency to the Redevelopment Agency



TINA T. KUNDIG
Finance Director/City Treasurer,
Successor Agency to the Redevelopment Agency

Submitted by:



N. ENRIQUE MARTINEZ
Executive Director,
Successor Agency to the Redevelopment Agency



DANIEL J. MCHUGH
General Counsel,
Successor Agency to the Redevelopment Agency

RESOLUTION NO. OB 2012-011

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS APPROVING A \$3,157,400 LOAN BETWEEN THE CITY OF REDLANDS AND THE SUCCESSOR AGENCY TO PAY FOR ENFORCEABLE OBLIGATIONS OF THE SUCCESSOR AGENCY

WHEREAS, On July 11, 2012 the Successor Agency to the former Redevelopment Agency of the City of Redlands (the "Successor Agency") received a demand for payment in the amount of \$2,601,269 (the "Payment") from the County of San Bernardino Auditor-Controller/Treasurer/Tax Collector pursuant to section 34183.5(b)(2)(A) of the California Health and Safety Code; and

WHEREAS, On July 12, 2012, the Successor Agency made the Payment to the County of San Bernardino Auditor-Controller/Treasurer/Tax Collector, using the \$2,535,662 balance held in its Successor Agency Funds and a \$65,607 loan from the City of Redlands; and

WHEREAS, the Successor Agency no longer has any fund balance in its Successor Agency Funds and has enforceable obligations from July through December 2012 in the amount of Three Million One Hundred Fifty Seven Thousand Four Hundred Dollars (\$3,157,400); and

WHEREAS, Pursuant to section 34173(h) of the California Health and Safety Code, the city that authorized the creation of a redevelopment agency may loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project-related expenses. The receipt of the funds shall be reflected on the Recognized Obligation Payment Schedule or the administrative budget of the Successor Agency and therefore subject to the oversight and approval of the Oversight Board.

NOW, THEREFORE, BE IT RESOLVED, BY the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Redlands as follows:

Section 1. The Oversight Board hereby approves a loan between the City of Redlands and the Successor Agency in the amount of Three Million One Hundred Fifty Seven Thousand Four Hundred Dollars (\$3,157,400)

Section 2. The Oversight Board hereby directs the Successor Agency to reflect the receipt of the funds on the Recognized Obligation Payment Schedule.

Section 3. The Secretary for the Oversight Board shall certify to the adoption of this Resolution.

Section 4. Pursuant to California Health and Safety Code section 34179, all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

PASSED, APPROVED and ADOPTED at an adjourned regular meeting of the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Redlands held this 25th day of July, 2012 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:



Oscar W. Orci, Vice Chairperson
Oversight Board of Successor Agency
To Redevelopment Agency

ATTEST:



Linda McCasland
Oversight Board Secretary

LOAN AGREEMENT

THIS LOAN AGREEMENT ("Agreement") is dated as of this 26th day of July, 2012 by and between the CITY OF REDLANDS, AS SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS, a public body corporate and politic ("Agency"), and the CITY OF REDLANDS, a California municipal corporation ("City"). Agency and City are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties." This Agreement is entered into with reference to the following recitals of fact ("Recitals") that Agency and City believe to be true, as of the date each Party executes this Agreement:

RECITALS

A. Pursuant to the Community Redevelopment Law (Health and Safety Code section 33000 *et seq.*), the City Council of the City created the Redevelopment Agency of the City of Redlands.

B. On June 28, 2011, the State of California enacted Health and Safety Code section 34161 *et seq.* as part of the State's enactment of Assembly Bill 1X 26 ("AB 1X 26"), immediately prohibiting further redevelopment activity by redevelopment agencies and dissolving all redevelopment agencies in the State of California on October 1, 2011.

C. On July 18, 2011, a Petition for Writ of Mandate was filed in the Supreme Court of the State of California in the matter of *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 which, among other things, challenged the constitutionality of AB 1X 26, on behalf of cities, counties and redevelopment agencies and requested a stay of enforcement of AB 1X 26, pending the Supreme Court's determination of the constitutionality of AB 1X 26.

D. On December 29, 2011, the Supreme Court issued its opinion in the above referenced case which, among other things, upheld AB 1X 26 and dissolved all redevelopment agencies throughout the State of California, effective February 1, 2012.

E. Pursuant to Health and Safety Code section 34173(d), the City of Redlands elected to become the successor agency to the dissolved Redevelopment Agency of the City of Redlands, confirmed by Resolution No. 7089 adopted on November 1, 2011.

F. On June 27, 2012, Assembly Bill 1484 ("AB 1484") was signed by the Governor of California which, among other things, significantly modifies AB 1X 26.

G. On July 11, 2012 the Agency received a demand for payment in the amount of \$2,601,269 (the "Payment") from the County of San Bernardino Auditor-Controller/Treasurer/Tax Collector pursuant to Health and Safety Code section 34183.5(b)(2)(A), as added by AB 1484.

H. On July 12, 2012, the Agency made the Payment to the County of San Bernardino Auditor-Controller/Treasurer/Tax Collector, using the \$2,535,662 balance held in its Successor

Agency Funds and a \$65,607.37 loan from the City.

I. The Agency no longer has any fund balance in its Successor Agency Funds and has enforceable obligations from July through December 2012, as set forth in its Recognized Obligation Payment Schedule for July through December 2012 (“ROPS”) in the amount of Three Million One Hundred Fifty Seven Thousand Four Hundred Dollars (\$3,157,400) (“Loan Amount”).

J. Pursuant to Health and Safety Code section 34173(h), the City may loan or grant funds to the Agency for administrative costs, enforceable obligations, or project-related expenses at the City’s discretion.

K. It is in the best interest of the City and the Agency that the Agency pay the enforceable obligations, which include \$2,880,794 in bond principal and interest payments, as default by the Agency could potentially affect the creditworthiness of the City and Agency.

L. Because the Agency has insufficient funds to make the payments required pursuant to the ROPS out of existing Agency funds, the City Council has determined that the City will loan the Loan Amount to the Agency to make these payments.

M. The Parties now desire to enter into this Agreement to memorialize the terms and conditions of the City loan to the Agency for payment of enforceable obligations, as set forth in the ROPS.

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by Agency and City, the Parties agree as follows:

1. EFFECTIVE DATE.

1.1 **Effective Date of Agreement.** This Agreement is dated this 26th day of July, 2012 for reference purposes only. This Agreement shall not become legally effective or binding until the date on which all of the following are true (“Effective Date”):

1.1.1 This Agreement is ratified by the Governing Board of Agency and the City Council of City and executed by the authorized representatives of the Agency and City, respectively;

1.1.2 This Agreement is approved by the Oversight Board of the Agency; and

1.1.3 Pursuant to Health and Safety Code section 34179(h), written notice and information about the approval of this Agreement by the Oversight Board is provided to the State of California Department of Finance and this Agreement becomes effective five (5) business days after notice has been provided to the State of California Department of Finance, pending a request for review by the State of California Department of Finance.

2. LOAN.

2.1 **Loan Amount.** No later than 12:00 p.m. July 27, 2012, City shall loan the Loan Amount from the City Water Fund 501 to the City General Fund, as evidenced by a Promissory Note in substantially the form attached hereto as Exhibit "A." Upon execution of a Promissory Note and transfer of the Loan Amount from the City Water Fund 501 to the City General Fund, the Agency shall execute a Promissory Note in substantially the form attached hereto as Exhibit "B" and City shall loan the Loan Amount to Agency in immediately available funds.

2.2 **Use of Loan Amount.** The Loan Amount shall be used by Agency for the sole purpose of paying the Agency's enforceable obligations, as set forth in the ROPS; and in any future approved Recognized Obligation Payment Schedules of the Agency.

2.3 **Repayment of Loan Amount.** Agency agrees to repay the Loan Amount pursuant to the terms and conditions of this Agreement and the Promissory Note executed by Agency in substantially the form attached hereto as Exhibit "B."

2.4 **Enforceable Obligation.** Pursuant to Health and Safety Code section 34173(h), the Loan Amount shall be reflected on the Agency's January – June 2013 Recognized Obligation Payment Schedule and subsequent Recognized Obligation Payment Schedules and, upon approval of this Agreement by the Oversight Board to the Agency, the repayment of the Loan Amount shall be deemed to be an enforceable obligation.

3. GENERAL TERMS.

3.1 **Time Is Of The Essence.** Time of the essence in the performance of the Parties' obligations under this Agreement.

3.2 **No Third Party Beneficiaries.** This Agreement is expressly declared to be for the sole benefit of the Parties hereto. No other person or entity not a signatory to this Agreement shall have any rights or causes of actions against any Party to this Agreement because of that Party's entry into this Agreement.

3.3 **Assignment.** City may not assign any of its rights or obligations under this Agreement without the prior express written consent of Agency, which may be given or withheld in Agency's sole and absolute discretion.

3.4 **Failure to Strictly Enforce Not a Waiver.** Failure by any Party to this Agreement to insist upon the strict performance of any provision of this Agreement at any one or more times shall not be deemed to constitute a waiver of that Party's right to insist upon strict performance of that or any other provision of this Agreement on future occasions. No alleged waiver of any right afforded to any Party under this Agreement shall be effective unless in writing.

3.5 **Attorneys' Fees.** In the event that any action or proceeding is commenced by either Agency or City against the other to interpret or enforce any provision of this Agreement, the prevailing Party in such action or proceeding shall be entitled to recover from the non-prevailing Party, in addition to all other relief to which the prevailing Party may be entitled,

the prevailing Party's reasonable attorneys' fees and litigation costs, including fees for use of in-house legal counsel by a Party, as established by a court of law. Recoverable costs and fees shall include those incurred on appeal and in the enforcement of any judgment.

3.6 Amendments and Modifications. This Agreement may be amended only by written agreement of the Parties.

3.7 Severability. If any provision of this Agreement or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Agreement that can be given effect without the invalid provision or application, and to this end the provisions of this Agreement are severable.

[Signatures on Following Page]

SIGNATURE PAGE
TO
LOAN AGREEMENT

AGENCY:

CITY OF REDLANDS,
AS SUCCESSOR AGENCY TO THE
FORMER REDEVELOPMENT AGENCY
OF THE CITY OF REDLANDS
a public body, corporate and politic

CITY:

CITY OF REDLANDS
a California municipal corporation

By: _____
Pete Aguilar, Chairman

By: _____
Pete Aguilar, Mayor

ATTEST:

By: _____
Sam Irwin, Secretary

ATTEST:

By: _____
Sam Irwin, City Clerk

EXHIBIT A
TO
LOAN AGREEMENT

City Promissory Note

[Attached Behind This Cover Page]

**CITY OF REDLANDS
UNSECURED PROMISSORY NOTE**

FOR VALUE RECEIVED, this Unsecured Promissory Note is dated as of the 26th day of July, 2012 (“Promissory Note”) and evidences an indebtedness of the general fund of the City of Redlands (“Maker”) to the City of Redlands Water Fund 501 (“Holder”). For value received, Maker hereby promises to pay to the order of Holder, at such address as Holder shall designate, the amount of Three Million One Hundred Fifty Seven Thousand Four Hundred Dollars (\$3,157,400) (“Loan Amount”), with interest, in accordance with the terms of this Promissory Note.

1. **Unsecured Obligation.** The Maker’s obligations under this Promissory Note are not secured by any instrument encumbering any property or asset of Maker.

2. **Repayment of Promissory Note.** Maker shall pay to the order of Holder the Loan Amount, with interest accruing at the current Local Agency Investment Fund (LAIF) interest rate of 0.38% percent per annum, as follows:

2.1 Maker promises to pay to the order of Holder the Loan Amount, with interest, over ten years. The first installment shall be paid during the period of January 2013 – June 2013, if sufficient tax allocation is available. Subsequent installments will be paid over multiple ROPS cycles as sufficient funds are available, with the unpaid balance of the Loan Amount to be paid no later than July 26, 2022. (“Maturity Date”).

2.2 All payments due hereunder are payable in lawful money of the United States in same day funds. The Loan Amount may be prepaid, in whole or in part, at any time and from time to time without penalty or premium.

2.3 The entire unpaid balance of the Loan Amount shall be due and payable, prior to the Maturity Date upon Maker’s material breach any of the obligations of this Promissory Note.

2.4 Maker’s obligation to pay the unpaid principal balance of the Loan Amount shall be limited to the available funds of Maker which are not otherwise encumbered as of the date of this Promissory Note.

3. **Assignment.** Holder shall have no power to transfer or assign its right to receive any payment under this Promissory Note, unless Maker has first granted written approval to Holder for such a proposed assignment, in the Maker’s sole and absolute discretion.

4. **Severability.** The unenforceability or invalidity of any provision or provisions of this Promissory Note as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other person or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

5. **Governing Law.** The validity, interpretation and performance of this Promissory Note shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of laws principles.

6. **Jurisdiction and Venue.** The Holder and the Maker acknowledge and stipulate that the obligation hereunder was entered into in the County of San Bernardino, California. Any legal action or proceeding to interpret, enforce, or which in any way arises out of this Promissory Note shall be instituted and prosecuted in the appropriate court in the County of San Bernardino, California. Holder and Maker expressly waive, to the maximum legal extent, any legal right either Party may have to have such action or proceeding transferred to or prosecuted in any other court or jurisdiction.

7. **Amendments and Modifications.** This Promissory Note may be amended or modified only in writing signed by the Holder and the Maker.

8. **Time of the Essence.** Time is of the essence of this Promissory Note.

[Signatures on Following Page]

SIGNATURE PAGE
TO
CITY OF REDLANDS
UNSECURED PROMISSORY NOTE

MAKER:

CITY OF REDLANDS,
a California municipal corporation

By: _____
Pete Aguilar, Mayor

Date: _____

ATTEST:

By: _____
Sam Irwin, City Clerk

EXHIBIT B
TO
LOAN AGREEMENT

Successor Agency Promissory Note

[Attached Behind This Cover Page]

**CITY OF REDLANDS, AS SUCCESSOR AGENCY TO THE FORMER
REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS
UNSECURED PROMISSORY NOTE**

FOR VALUE RECEIVED, this Unsecured Promissory Note is dated as of this 26th day of July, 2012 (“Promissory Note”) and evidences an indebtedness of the City of Redlands, as Successor Agency to the Former Redevelopment Agency of the City of Redlands, a public body, corporate and politic (“Maker”), to the City of Redlands, a California municipal corporation (“Holder”). For value received, Maker hereby promises to pay to the order of Holder, at such address as Holder shall designate, the Loan Amount (as defined in the Agreement), with interest, in accordance with the terms of this Promissory Note.

1. **Loan Agreement.** The rights and obligations of Maker and Holder under this Promissory Note are made with respect to that certain agreement entitled “Loan Agreement” dated the 26th day of July, 2012 by and between Maker and Holder (“Agreement”), as approved by Resolution Number 452 of Maker, dated July 26, 2012 and Resolution Number 7201 of Holder, dated July 26, 2012. The terms and provisions of the Agreement are incorporated into this Promissory Note by this reference. All initially capitalized terms used but not otherwise defined in this Promissory Note shall have the meaning ascribed to them in the Agreement.

2. **Unsecured Obligation.** The Maker’s obligations under this Promissory Note are not secured by any instrument encumbering any property or asset of Maker.

3. **Repayment of Promissory Note.** Maker shall pay to the order of Holder the Loan Amount, with interest accruing at the current Local Agency Investment Fund (LAIF) interest rate of 0.38% percent per annum, as follows:

3.1 Maker promises to pay to the order of Holder the Loan Amount, with interest, over ten years. The first installment shall be paid during the period of January 2013 – June 2013, if sufficient tax allocation is available. Subsequent installments will be paid over multiple ROPS cycles as sufficient funds are available, with the unpaid balance of the Loan Amount to be paid no later than July 26, 2022. (“Maturity Date”).

3.2 All payments due hereunder are payable in lawful money of the United States in same day funds. The Loan Amount may be prepaid, in whole or in part, at any time and from time to time without penalty or premium.

3.3 The entire unpaid balance of the Loan Amount shall be due and payable, prior to the Maturity Date upon Maker’s material breach any of the obligations of this Promissory Note or the Agreement.

3.4 Maker’s obligation to pay the unpaid principal balance of the Loan Amount shall be limited to the available funds of Maker which are not otherwise encumbered as of the date of this Promissory Note.

4. **Assignment.** Holder shall have no power to transfer or assign its right to receive any payment under this Promissory Note, unless Maker has first granted written approval

to Holder for such a proposed assignment, in the Maker's sole and absolute discretion.

5. **Severability.** The unenforceability or invalidity of any provision or provisions of this Promissory Note as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other person or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

6. **Governing Law.** The validity, interpretation and performance of this Promissory Note shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of laws principles.

7. **Jurisdiction and Venue.** The Holder and the Maker acknowledge and stipulate that the obligation hereunder was entered into in the County of San Bernardino, California. Any legal action or proceeding to interpret, enforce, or which in any way arises out of this Promissory Note shall be instituted and prosecuted in the appropriate court in the County of San Bernardino, California. Holder and Maker expressly waive, to the maximum legal extent, any legal right either Party may have to have such action or proceeding transferred to or prosecuted in any other court or jurisdiction.

8. **Amendments and Modifications.** This Promissory Note may be amended or modified only in writing signed by the Holder and the Maker.

9. **Time of the Essence.** Time is of the essence of this Promissory Note.

[Signatures on Following Page]

SIGNATURE PAGE
TO
CITY OF REDLANDS, AS SUCCESSOR AGENCY TO THE FORMER
REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS
UNSECURED PROMISSORY NOTE

MAKER:

CITY OF REDLANDS, AS SUCCESSOR AGENCY TO
THE FORMER REDEVELOPMENT AGENCY OF THE
CITY OF REDLANDS,
a public body, corporate and politic

By: _____
Pete Aguilar, Mayor

Date: _____

ATTEST:

By: _____
Sam Irwin, Secretary

**PRELIMINARY DRAFT
 RECOGNIZED OBLIGATION PAYMENT SCHEDULE**
 July 1, 2012 through December 31, 2012
 Per AB 26 - Section 34167 and 34169 (*)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Jul	Aug	Sep	Oct	Nov	Dec	Total	Funding Source
1) 1996 A Tax Allocation Refunding Bonds	US Bank	Bond issue to fund non-housing projects	25,777,874.90	2,187,762.00	1,721,931.00						\$ 1,721,931.00	(5)
2) 2003 A Tax Allocation Refunding Bonds	US Bank	Bond issue to fund housing/non-housing projects	11,096,778.00	942,039.00	768,519.00						\$ 768,519.00	(5)
3) 2007 A Tax Allocation Bonds	US Bank	Bond issue to fund housing projects	5,223,517.00	472,594.00	383,796.00						\$ 383,796.00	(5)
4) Fiscal Agent Fees	US Bank	Annual fiscal agent fees for bond issues	132,500.00	17,000.00	8,750.00						\$ 8,750.00	(5)
5) Employer/Administrative Costs	City of Redlands	Bond debt services advisory services	332,078.00	30,189.00	2,515.75						\$ 2,515.75	(5)
6) City Attorney Services	City of Redlands	Bond debt services advisory services	88,000.00	8,000.00	668.67						\$ 668.67	(5)
7) Contract for Legal Services	Stradling, Yocca Carlson & Rauth	Bond debt services advisory services	26,400.00	2,400.00	200.00						\$ 200.00	(5)
8) Contract for Continuing Disclosure	Applied Best Practices	Bond debt services advisory services	27,500.00	2,500.00							\$ -	(5)
9) Contract for Tax Sharing Calculations	Hdl, Cohen & Cone	Annual continuing disclosure for bond issues	11,000.00	1,000.00							\$ 1,000.00	(5)
10) Contract for Auditing Services	Lance, Sol & Lughard	Annual tax sharing calculation updates	26,400.00	2,400.00	200.00						\$ 200.00	(5)
11) Contract for Legal Services	Best Best & Krieger LLP	Legal advice on Agency dissolution	2,340.88	2,340.88	2,340.88						\$ 2,340.88	(5)
12) Employer/Administrative Costs	City of Redlands	Management of the Oversight Board	205,997.00	18,727.00	10,871.67						\$ 10,871.67	(5)
13) Lease of Office Space	Community Bank	Office space rent	773,022.00	132,234.00	10,871.67						\$ 10,871.67	(5)
14) Lease of Office Space - Utilities	City of Redlands	Water, Sewer, Disposal charges	2,200.00	400.00	66.67						\$ 66.67	(5)
15) Lease of Office Space - Telephone	Verizon & ATT	Telephone and long distance service	85,250.00	15,500.00	1,291.67						\$ 1,291.67	(5)
16) Lease of Office Space - Electricity	So. CA Edison	Electrical utility service	55,000.00	10,000.00	833.33						\$ 833.33	(5)
17) Lease of Office Space - Gas	So. CA Gas Company	Gas utility service	4,950.00	900.00	75.00						\$ 75.00	(5)
18) Lease of Office Space - Janitorial	Custom Service Systems	Janitorial services and supplies	17,050.00	3,100.00	258.33						\$ 258.33	(5)
19) Office Equipment Lease	Xerox	Multi-functional printing device contract	26,400.00	4,800.00	400.00						\$ 400.00	(5)
20) Employer/Administrative Costs	City of Redlands	Management and upkeep of real property	50,998.00	33,972.00	2,831.00						\$ 2,831.00	(5)
21) Employer/Administrative Costs	City of Redlands	Administration of disposition of real property	30,000.00	20,000.00	1,666.67						\$ 1,666.67	(5)
22) City Attorney Services	City of Redlands	Legal advice on disposition of real property	22,500.00	15,000.00	1,250.00						\$ 1,250.00	(5)
23) Contract for Legal Services	Best Best & Krieger LLP	Legal advice on Agency dissolution	3,800.00	2,400.00	200.00						\$ 200.00	(5)
24) Consultant Costs	Various	Disposition of real property	30,000.00	20,000.00	1,666.67						\$ 1,666.67	(5)
25) Contract for Consulting Services	Kosmont & Associates	Real estate advisory services	12,600.00	12,600.00							\$ -	(5)
26) Staff Salaries and Benefits	City of Redlands	Successor Agency administration	21,107,724.00	159,907.00	14,537.00						\$ 14,537.00	(4)
27) Staff Overhead	City of Redlands	Successor Agency administration	7,247,299.00	54,903.00	4,991.18						\$ 4,991.18	(4)
28) Staff Retiree Charge	City of Redlands	Successor Agency administration	499,872.00	3,734.00	339.45						\$ 339.45	(4)
29) Information Technology Charge	City of Redlands	Successor Agency administration	209,869.00	1,567.00	142.45						\$ 142.45	(4)
30) Meetings and Professional Development	City of Redlands	Successor Agency administration	136,004.00	1,045.00	94.73						\$ 94.73	(4)
31) Travel and Reimbursement	City of Redlands	Successor Agency administration	137,546.00	1,042.00	94.73						\$ 94.73	(4)
32) Printing and Postage	City of Redlands	Successor Agency administration	253,136.00	1,963.00	178.45						\$ 178.45	(4)
33) Advertising (Public Notices)	City of Redlands	Successor Agency administration	183,384.00	1,389.00	126.27						\$ 126.27	(4)
34) Other Administrative/Office Costs	City of Redlands	Successor Agency administration	477,284.00	3,616.00	328.73						\$ 328.73	(4)
Totals - This Page			\$ 74,781,843.00	\$ 4,195,182.00	\$ 2,811,613.57	\$ 49,100.90	\$ 49,100.90	\$ 49,167.57	\$ 49,100.90	\$ 49,167.57	\$ 3,157,400.00	
Totals - Page 2			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Totals - Page 3			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Totals - Page 4			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Totals - Other Obligations			\$ 14,870,875.00	\$ 1,010,442.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	(1)
Grand total - All Pages			\$ 89,652,718.00	\$ 5,205,624.00	\$ 3,831,141.57	\$ 53,000.90	\$ 53,067.57	\$ 53,067.57	\$ 53,000.90	\$ 53,067.57	\$ 4,096,428.00	(1) Low and Moderate Income Housing Fund (2) Bond Proceeds (3) Reserve Balances (4) Administrative Cost Allowance (5) Redevelopment Property Tax Trust Fund (6) Other Revenue Sources

Notes to Recognized Obligation Payment Schedule
 * This preliminary draft Recognized Obligation Payment Schedule (ROPS) is subject to approval by a seven-member Oversight Board that must be in place before May 1, 2012.
 1 The Series 2003 A Bonds mature in 2022
 2 Legal advice of bond debt service, dissolution of assets, management of the Oversight Board, and other issues related to management of the Successor Agency
 3 The lease for office space with Community Bank expires June 26, 2017
 4 Maintenance, code enforcement, and police services for management and upkeep of Agency owned property prior to disposition
 5 The redevelopment agency held title to 13 separate parcels. The total obligations assumes that half of the parcels will be disposed of in 2012 and the remainder disposed of in 2013
 6 Broker, appraisal, title, escrow, and other costs related to disposition of Agency owned property (net of any broker fees paid through proceeds of sale)

Name of Redevelopment Agency: Redevelopment Agency of the City of Redlands
 Project Area(s): All Project Areas

OTHER OBLIGATION PAYMENT SCHEDULE
 July 1, 2012 through December 31, 2012
 Per AB 26 - Section 34167 and 34169 (*)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Jul	Aug	Sep	Oct	Nov	Dec	Total
1) County Administrative Fees	San Bernardino County Auditor Controller	Payments per CRL 33607		94,814.00	3,900.00	3,900.00	3,900.00	3,900.00	3,900.00	3,900.00	\$ 23,400.00
2) Statutory Payments	San Bernardino County General Fund	SB 211 Tax Sharing	2,744,639.10	168,992.64	168,992.64	168,992.64					\$ 168,992.64
3) Statutory Payments	Flood Control - San Bernardino	SB 211 Tax Sharing	480,424.76	29,580.66	29,580.66						\$ 29,580.66
4) Statutory Payments	Flood Control - San Bernardino	SB 211 Tax Sharing	16,591.53	1,021.57	1,021.57						\$ 1,021.57
5) Statutory Payments	County Superintendent of Schools	SB 211 Tax Sharing	94,177.20	5,798.67	5,798.67						\$ 5,798.67
6) Statutory Payments	County Superintendent of Schools	SB 211 Tax Sharing	37,044.81	2,280.92	2,280.92						\$ 2,280.92
7) Statutory Payments	County Superintendent of Schools	SB 211 Tax Sharing	9,710.62	597.90	597.90						\$ 597.90
8) Statutory Payments	City of Redlands	SB 211 Tax Sharing	4,113,306.64	253,264.10	253,264.10						\$ 253,264.10
9) Statutory Payments	San Bernardino Community College District	SB 211 Tax Sharing	964,619.02	59,393.42	59,393.42						\$ 59,393.42
10) Statutory Payments	Redlands Unified School District	SB 211 Tax Sharing	5,670,175.87	349,123.49	349,123.49						\$ 349,123.49
11) Statutory Payments	Inland Empire Resource Conservation District	SB 211 Tax Sharing	23,496.74	1,446.74	1,446.74						\$ 1,446.74
12) Statutory Payments	San Bernardino Valley Water Conservation District	SB 211 Tax Sharing	20,726.74	1,276.18	1,276.18						\$ 1,276.18
13) Statutory Payments	San Bernardino Valley Municipal Water District	SB 211 Tax Sharing	496,392.25	30,563.81	30,563.81						\$ 30,563.81
14) Statutory Payments	City of Redlands - Measure O Bonds	SB 211 Tax Sharing	199,569.72	12,287.90	12,287.90						\$ 12,287.90
15)											\$ -
16)											\$ -
17)											\$ -
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26)											\$ -
27)											\$ -
28)											\$ -
Totals - Other Obligations			\$ 14,870,875.00	\$ 1,010,442.00	\$ 3,900.00	\$ 919,528.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 939,426.00

Notes to Recognized Obligation Payment Schedule
 * This preliminary draft Recognized Obligation Payment Schedule (ROPS) is subject to approval by a seven-member Oversight Board that must be in place before May 1, 2012.

REQUEST FOR OVERSIGHT BOARD ACTION

SUBJECT: CONSIDERATION OF RESOLUTION NO. OB 2012-012 APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JANUARY THROUGH JUNE 2013

MOTION:

"I move to approve Resolution No. OB 2012-012."

DISCUSSION:

The Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Redlands (the "Oversight Board") has been established to direct the Successor Agency to take certain actions to wind down the affairs of the former Redevelopment Agency in accordance with the California Health and Safety Code.

On February 21, 2012, the Successor Agency approved a draft Recognized Obligation Payment Scheduled (ROPS) for July through December 2012. On May 25, 2012, the State of California Department of Finance approved all of the items listed on the ROPS.

Assembly Bill No. 1484, signed into law on June 27, 2012, significantly modifies AB 1X26, the redevelopment agency dissolution bill. The bill includes a mechanism for borrowing from the City that will constitute an enforceable obligation to fund shortfalls as well as holding reserves when the property allocation from the RPPTF will be insufficient to pay debt obligations due in the following six-month period. Arguably, the bill also includes mechanisms for recovering and distributing to taxing agencies property taxes that were allocated to a successor agency for the January 1, 2012 – June 30, 2012 period, but not expended during that same period.

The Successor Agency received \$3,928,752 in tax increment for the period November 2011 to January 31, 2012, but the approved Recognized Obligation Payment Schedule (ROPS) for January through June 2012 only totaled \$1,061,700. Pursuant to the new legislation, on July 11, 2012 the County Auditor-Controller sent the Successor Agency a demand for payment of \$2,601,269 (netting out \$265,783 in pass-through payments), essentially disallowing expenditures that were made by the Redevelopment Agency or Successor Agency from July 2011 to December 2012. The payment to the County Auditor-Controller was made on July 12, 2012, under protest and with reservation of rights.

To make the payment, the Successor Agency used the \$2,535,662 balance held in its Successor Agency Funds and a \$65,607.37 loan from the City. The balance in the Successor Agency Funds included the unexpended portion of tax increment received prior to February 1, 2012 and a distribution of \$1,958,561 received in June from the County Auditor-Controller to be used towards obligations on the July through December 2012

ROPS. The obligations on the ROPS totaled \$3,157,400, but the distribution was significantly less as it only reflected the amount of tax increment that would have been generated from February 1 through April 30.

Because all of the funds in the Successor Agency Funds have been used to make the payment to the County Auditor-Controller, the Successor Agency is requesting a loan from the City to pay for the enforceable obligations for July to December 2012 (including August 1 bond principal and interest payments).

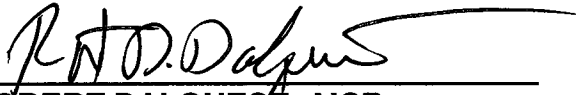
A January through June 2013 ROPS has been prepared to reflect the two City loans as obligations of the Successor Agency to be repaid through the property tax distributions received from the County Auditor-Controller. The January through June 2013 ROPS also includes an enforceable obligation to hold a reserve for bond principal and interest payments that are due the following August. The payment of the loans will depend upon the total allocation received. Staff anticipates that the loans will be paid throughout multiple ROPS cycles.

The ROPS are subject to ratification by the Oversight Board to the Successor Agency and review and approval by the Department of Finance.

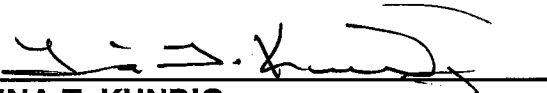
ATTACHMENTS:

1. Resolution No. OB 2012-012
2. Recognized Obligation Payment Schedule for January through June 2013

Respectfully submitted,

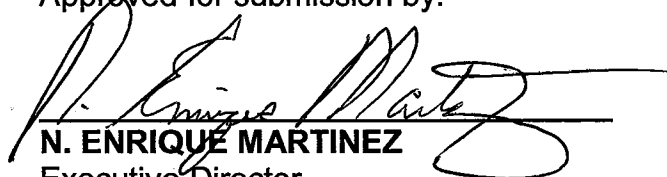


ROBERT DALQUEST, AICP
Assistant Development Services Director
Successor Agency to the Redevelopment Agency



TINA T. KUNDIG
Finance Director/City Treasurer,
Successor Agency to the Redevelopment Agency

Approved for submission by:



N. ENRIQUE MARTINEZ
Executive Director,
Successor Agency to the Redevelopment Agency



DANIEL J. MCHUGH
General Counsel,
Successor Agency to the Redevelopment Agency

RESOLUTION NO. OB 2012-012

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS APPROVING RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JANUARY 1, 2013 TO JUNE 30, 2013

WHEREAS, pursuant to Health and Safety Code section 34177(1)(2)(A) the Successor Agency to the former Redevelopment Agency of the City of Redlands (the "Successor Agency") has prepared a Recognized Obligation Payment Schedule for January 1, 2013 to June 30, 2013 (the "ROPS"); and

WHEREAS, pursuant to Health and Safety Code section 34177(1)(2)(B) the ROPS shall be submitted to and duly approved by the Oversight Board; and

WHEREAS, pursuant to Health and Safety Code section 34177(1)(2)(B) the Successor Agency has submitted a copy of the ROPS to the county administrative officer, the county auditor-controller, and the Department of Finance at the same time that the Successor Agency submitted the ROPS to the Oversight Board for approval.

NOW, THEREFORE, BE IT RESOLVED, BY the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Redlands as follows:

Section 1. The Oversight Board hereby approves and adopts the ROPS, in substantially the form attached to this Resolution as Exhibit "A," pursuant to Health and Safety Code section 34177.

Section 2. The Oversight Board hereby directs the Successor Agency to submit copies of the ROPS approved by the Oversight Board to the County of San Bernardino Auditor-Controller, the State of California Controller and the State of California Department of Finance and to post the ROPS on the Successor Agency's website.

Section 3. The Secretary for the Oversight Board shall certify to the adoption of this Resolution.

Section 4. Pursuant to California Health and Safety Code section 34179, all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

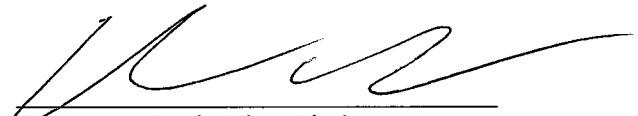
PASSED, APPROVED and ADOPTED at an adjourned regular meeting of the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Redlands held this 25th day of July, 2012 by the following vote:

AYES:

NOES:

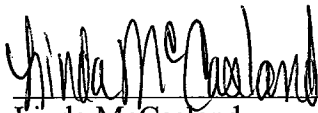
ABSENT:

ABSTAIN:



Oscar W. Orci, Vice Chairperson
Oversight Board of Successor Agency
To Redevelopment Agency

ATTEST:



Linda McCasland
Oversight Board Secretary

ATTACHMENT "A"

Recognized Obligation Payment Schedule for January 1, 2013 to June 30, 2013

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE - CONSOLIDATED
FILED FOR THE JANUARY 1, 2013 to JUNE 30, 2013 PERIOD**

Name of Successor Agency

Successor Agency to the former Redevelopment Agency of the City of Redlands

	Current	
	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
Outstanding Debt or Obligation	78,004,650	10,368,960
	Total Due for Six Month Period	
Outstanding Debt or Obligation	7,181,498	
Available Revenues other than anticipated funding from RPTTF	0	
Enforceable Obligations paid with RPTTF	7,004,589	
Administrative Cost paid with RPTTF	176,909	
Pass-through Payments paid with RPTTF	0	
Administrative Allowance (greater of 3% of anticipated Funding from RPTTF or 250,000. Note: Calculation should not include pass-through payments made with RPTTF. The RPTTF Administrative Cost figure above should not exceed this Administrative Cost Allowance figure)	302,009	

Certification of Oversight Board Chairman:
Pursuant to Section 34177(l) of the Health and Safety code,
I hereby certify that the above is a true and accurate Recognized
Enforceable Payment Schedule for the above named agency.

Oscar W. Orci

Name



Signature

Vice Chairperson

Title

7/25/12
Date

Name of Redevelopment Agency: Redevelopment Agency of the City of Redlands
 Project Area(s): RDA Project Area A1

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 Per AB 1484 - Section 34177

Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013*	Funding Source	Payments by month						Total		
								Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013**			
1) Loan for Demanded Payment	7/26/2012	City of Redlands	Loan from sponsoring city to make demand payment to county auditor		65,607.00	65,607.00	RPTTF**								65,607.00	
2) Loan for Enforceable Obligations	7/26/2012	City of Redlands	Loan from sponsoring city to pay enforceable obligations		3,157,400.00	3,157,400.00	RPTTF**								3,157,400.00	
3) 1998 A Tax Allocation Refunding Bonds	12/17/1998	US Bank	Bond issue to fund non-housing projects		25,777,874.00	3,936,077.00	RPTTF		408,799.00						3,157,400.00	
4) 2003 A Tax Allocation Refunding Bonds	11/12/2003	US Bank	Bond issue to fund housing projects		11,098,778.00	1,710,913.00	RPTTF		161,197.00						2,187,596.00	
5) 2007 A Tax Allocation Bonds	8/12/2007	US Bank	Bond issue to fund housing projects		5,923,517.00	831,854.00	RPTTF		101,376.00						942,394.00	
6) Fiscal Agent Fees		US Bank	Annual fiscal agent fees for bond issues		192,500.00	17,800.00	RPTTF		8,750.00						8,750.00	
7) Employee/Administrative Costs		City of Redlands	Bond debt service administration		332,079.00	30,189.00	RPTTF		2,515.75						15,094.50	
8) City Attorney Services		City of Redlands	Bond debt service advisory services		66,000.00	6,000.00	RPTTF		666.67						6,000.00	
9) Contract for Continuing Disclosure	11/19/2008	Straiding Yocca Carlson & Real	Bond debt service calculation updates		27,500.00	2,500.00	RPTTF		1,500.00						2,500.00	
10) Contract for Tax Sharing Calculations	2/18/2008	Applied Best Practices	Annual tax sharing calculation updates		11,000.00	1,000.00	RPTTF		1,000.00						1,000.00	
11) Contract for Auditing Services	2/12/2004	Hill, Cohen & Co	Annual auditing services		110,000.00	10,000.00	RPTTF		200.00						10,000.00	
12) Contract for Legal Services	3/23/2010	Best Best & Krueger LLP	Legal advice on Agency dissolution		26,400.00	2,400.00	RPTTF		200.00						2,400.00	
13) Employee/Administrative Costs		City of Redlands	Management of the Oversight Board		205,927.00	18,727.00	RPTTF		2,340.88						18,045.28	
14) Lease of Office Space - Telephonic		Community Bank	Office space rent		773,022.00	134,072.00	RPTTF		11,167.63						11,167.63	
15) Lease of Office Space - Janitorial		City of Redlands	Water, Sewer, Disposal charges		2,200.00	86.67	RPTTF		66.67						66.67	
16) Lease of Office Space - Electricity		Verizon & ATT	Telephone and long distance service		85,200.00	15,900.00	RPTTF		1,291.67						1,291.67	
17) Lease of Office Space - Gas		So. CA Edison	Electrical utility service		4,950.00	900.00	RPTTF		833.33						833.33	
18) Lease of Office Space - Janitorial		Custom Service Systems	Gas utility service		17,050.00	3,100.00	RPTTF		75.00						75.00	
19) Office Equipment Lease		Xerox	Janitorial services and supplies		26,400.00	8,800.00	RPTTF		400.00						400.00	
20) Employee/Administrative Costs		City of Redlands	Multi-functional printing device contract		50,958.00	3,872.00	RPTTF		400.00						400.00	
21) Employee/Administrative Costs		City of Redlands	Management and upkeep of real property		30,000.00	20,000.00	RPTTF		2,831.00						2,831.00	
22) City Attorney Services		City of Redlands	Administration of disposition of real property		22,500.00	15,000.00	RPTTF		1,666.67						1,666.67	
23) Contract for Legal Services		Various	Legal advice on disposition of real property		30,000.00	2,400.00	RPTTF		200.00						2,400.00	
24) Consultant Costs		Various	Legal advice on Agency dissolution		30,000.00	2,400.00	RPTTF		200.00						2,400.00	
25) Contract for Consulting Services	4/27/2011	Kosmont & Associates	Real estate advisory services		12,600.00	12,600.00	RPTTF		1,666.67						1,666.67	
26)																
27)																
28)																
29)																
30)																
31)																
32)																
Totals - This Page (RPTTF Funding)																
Totals - Page 2 (Other Funding)																
Totals - Page 3 (Administrative Cost Allowance)																
Totals - Page 4 (Pass Thru Payments)																
Grand Total - All Pages																

* All totals due during fiscal year and payment amounts are projected.
 ** On July 11, 2012, the Successor Agency received a demand for payment in the amount of \$2,601,269 from the County of San Bernardino Auditor-Controller pursuant to section 34183.5(b)(2)(A) of the California Health and Safety Code. On July 12, 2012, the Successor Agency made the payment to the Auditor-Controller using the \$2,633,662 balance held in its Redevelopment Obligation Retirement Fund and a \$65,607 loan from the City of Redlands. On July 25, 2012, the Successor Agency and City of Redlands approved a loan in the amount of \$3,157,400 to pay for the enforceable obligations from July through December 2012. On July 25, 2012, the Oversight Board approved each loan and directed the Successor Agency to include them on the Recognized Obligation Payment Schedule as enforceable obligations pursuant to section 34173(h) of the California Health and Safety Code.
 *** June bond payments are reserves for bond payments due on August 1, 2013 pursuant to Section 34171(d)(1)(A). June loan payments are reserves for future repayments to the City as funding allows.
 RPTTF - Redevelopment Property Tax Trust Fund
 LMIHF - Low and Moderate Income Housing Fund
 Admin - Successor Agency Administrative Allowance
 Other - reserves, rents, interest earnings, etc

Name of Redevelopment Agency: Redevelopment Agency of the City of Redlands
 Project Area(s) ROA Project Area All

FORM B - All Revenue Sources Other Than Redevelopment Property Tax Trust Fund (RPTTF)

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 Per AB 1484 - Section 34177

Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013	Funding Source	Payable from Other Revenue Sources						Total
								Payments by month						
								Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013	
1														\$
2														\$
3														\$
4														\$
5														\$
6														\$
7														\$
8														\$
9														\$
10														\$
11														\$
12														\$
13														\$
14														\$
15														\$
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22														\$
23														\$
24														\$
25														\$
26														\$
27														\$
28														\$
29														\$
30														\$
31														\$
32														\$
33														\$
Totals - LMHF														\$
Totals - Bond Proceeds														\$
Totals - Other														\$
Grand Total - This Page														\$

* All total due during fiscal year and payment amounts are projected.
 RPTTF - Redevelopment Property Tax Trust Fund
 LMHF - Low and Moderate Income Housing Fund

Bonds - Bond proceeds
 Admin - Successor Agency Administrative Allowance

Other - reserves, rents, interest earnings, etc

Name of Redevelopment Agency: Redevelopment Agency of the City of Redlands
 Project Area(s): RDA Project Area All

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 Per AB 1484 - Section 34177

Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013*	Funding Source	Payable from the Administrative Allowance Allocation **						Total
							Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013	
1) Staff Salaries and Benefits	City of Redlands	Successor Agency administration		21,107,724	226,469	RPTTF	4,991	4,991	4,991	4,991	4,991	4,991	29,946
2) Staff Overhead	City of Redlands	Successor Agency administration		7,247,239	59,882	RPTTF	339	339	339	339	339	339	2,034
3) Staff Retiree Charge	City of Redlands	Successor Agency administration		492,872	4,068	RPTTF	142	142	142	142	142	142	852
4) Information Technology Charge	City of Redlands	Successor Agency administration		206,868	1,704	RPTTF	95	95	95	95	95	95	570
5) Meetings and Professional Development	City of Redlands	Successor Agency administration		139,004	1,140	RPTTF	95	95	95	95	95	95	570
6) Travel and Reimbursement	City of Redlands	Successor Agency administration		137,548	1,140	RPTTF	95	95	95	95	95	95	570
7) Printing and Postage	City of Redlands	Successor Agency administration		259,136	2,136	RPTTF	178	178	178	178	178	178	1,068
8) Advertising (Public Notices)	City of Redlands	Successor Agency administration		183,994	1,512	RPTTF	126	126	126	126	126	126	756
9) Other Administrative/Office Costs	City of Redlands	Successor Agency administration		477,284	3,948	RPTTF	329	329	329	329	329	329	1,974
10)													0
11)													0
12)													0
13)													0
14)													0
15)													0
16)													0
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21)													0
22)													0
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25)													0
26)													0
27)													0
28)													0
Totals - This Page				30,250,068	302,009		29,485	29,485	29,485	29,485	29,485	29,485	176,909

* All total due during fiscal year and payment amounts are projected.
 Bonds - Bond proceeds
 RPTTF - Redevelopment Property Tax Trust Fund
 LMHF - Low and Moderate Income Housing Fund
 ** - Administrative Cost Allowance caps are 5% of Form A 6-month totals in 2011-12 and 3% of Form A 6-month totals in 2012-13. The calculation should not factor in pass through payments paid for with RPTTF in Form D.
 Other - reserves, rents, interest earnings, etc

Name of Redevelopment Agency: RDA Project Area All
 Project Area(s): RDA Project Area All

OTHER OBLIGATION PAYMENT SCHEDULE
 Per AB 1484 - Section 34177

FORM D - Pass-Through Payments

Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013*	Source of Fund	Pass Through and Other Payments**						Total	
							Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013		
1)														
2)														
3)														
4)														
5)														
6)														
7)														
8)														
9)														
10)														
11)														
12)														
13)														
14)														
15)														
Totals - Other Obligations				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

* All total due during fiscal year and payment amounts are projected.
 RPTTF - Redevelopment Property Tax Trust Fund Bonds - Bond proceeds
 LMHF - Low and Moderate Income Housing Fund Adm'n - Successor Agency Administrative Allowance
 ** Only the January through June 2012 ROPs should include expenditures for pass-through payments. Starting with the July through December 2012 ROPs, per HSC section 34183 (a) (1), the county auditor/controller will make the required pass-through payments prior to transferring money into the successor agency's Redevelopment Obligation Retirement Fund for items listed in an oversight board approved ROPs.
 Other - reserves, rents, interest earnings, etc