

**AGENDA FOR THE SPECIAL MEETING OF THE  
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE  
RANCHO PALOS VERDES REDEVELOPMENT AGENCY**

**CITY OF RANCHO PALOS VERDES  
CITY HALL COMMUNITY ROOM  
30940 HAWTHORNE BOULEVARD  
RANCHO PALOS VERDES, CALIFORNIA, 90275**

**WEDNESDAY, DECEMBER 11, 2013 AT 1:00 P.M.**

Members:

Stefan Wolowicz (Chair), Ken Dyda (Vice-Chair), Lydia Cano, Kit Fox, Gregory O'Brien, Jr., Michael Seth Schneider

AGENDA POSTED: December 5, 2013

WEBSITE: [www.palosverdes.com/rpv/](http://www.palosverdes.com/rpv/)

**CALL TO ORDER**

- A. Roll Call.
- B. Flag Salute.
- C. Approval of Agenda.

**REGULAR BUSINESS**

1. Consider approval of minutes for September 18, 2013 meeting.
2. Receive update of pending legislation, Frequently Asked Questions, and other developments relevant to redevelopment agency dissolution (no written report).
3. Discussion of real property appraisal process (no written report).
4. Discussion of and Consider Issuing Finding Regarding City Consolidated Loan.
5. Public comment for items not on the agenda (no written report).
6. Member suggested agenda items for future meetings (no written report).
7. Consider future meeting schedule and updated timeline.

## 8. Adjournment.

**SUPPORTING DOCUMENTATION:** Supporting documentation can be obtained at the following locations during normal business hours: Rancho Palos Verdes City Hall, Finance & Information Technology Department, 30940 Hawthorne Boulevard, Rancho Palos Verdes, CA 90275. You can also view the agenda and staff reports and related documents at the Successor Agency's website [www.palosverdes.com/RPV](http://www.palosverdes.com/RPV).

**AMERICAN WITH DISABILITIES ACT:** In compliance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the City Clerk's Office at (310) 544-5208 at least 48 hours prior to the meeting.

Written materials, including emails, submitted to the Oversight Board are public records and may be posted on the Successor Agency's website. Accordingly, you may wish to omit personal information from your oral presentation or written materials as it may become part of the public record regarding an agenda item.

Materials related to an item on this Agenda submitted to the Oversight Board after distribution of the agenda packet are available for public inspection at the front counter of the lobby of the City Hall Administration Building at 30940 Hawthorne Boulevard, Rancho Palos Verdes during normal business hours.

**MINUTES FOR THE SPECIAL MEETING OF THE  
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE  
RANCHO PALOS VERDES REDEVELOPMENT AGENCY**

**CITY OF RANCHO PALOS VERDES  
CITY HALL COMMUNITY ROOM  
30940 HAWTHORNE BOULEVARD  
RANCHO PALOS VERDES, CALIFORNIA, 90275**

**WEDNESDAY, SEPTEMBER 18, 2013**

**CALL TO ORDER**

Chair Wolowicz called the meeting to order at approximately 1:01 p.m. in the Community Room at Rancho Palos Verdes City Hall for the purpose of conducting business pursuant to the Agenda.

**A. ROLL CALL**

Roll call was answered as follows:

**PRESENT:** Cano (arrived at approximately 1:26pm), Fox, O'Brien,  
Schneider, Vice-Chair Dyda, and Chair Wolowicz  
**ABSENT:** Martinez

Also present were Deputy Director of Finance and Information Technology Downs, Deputy Director of Community Development Mihranian, Senior Engineer Dragoo, Senior Administrative Analyst Mills, and Successor Agency Legal Counsel Carol Lynch and Robin Harris of Richards Watson Gershon.

**B. FLAG SALUTE**

Vice-Chair Dyda led the Board in the Pledge of Allegiance.

**C. APPROVAL OF AGENDA**

Member Schneider moved to approve the agenda as presented, and Vice-Chair Dyda seconded.

Hearing no objection, Chair Wolowicz ordered approval of the agenda.

**REGULAR BUSINESS**

**1. CONSIDER APPROVAL OF MINUTES FOR AUGUST 28, 2013 MEETING**

Member Schneider moved to approve the August 28, 2013 minutes as presented, and Vice-Chair Dyda seconded.

Hearing no objection, Chair Wolowicz ordered approval of the August 28, 2013 minutes as presented.

**2. RECEIVE UPDATE OF PENDING LEGISLATION, FREQUENTLY ASKED QUESTIONS, AND OTHER DEVELOPMENTS RELEVANT TO REDEVELOPMENT AGENCY DISSOLUTION**

Staff provided a brief oral report of recent legislation.

**3. FOLLOW-UP DISCUSSION FROM AUGUST 28, 2013 TOUR OF SUCCESSOR AGENCY REAL PROPERTY**

There were no additional discussions or questions.

**4. DISCUSSION OF AND CONSIDER APPROVAL OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE 13-14B**

Late correspondence was distributed for this item. Staff provided brief oral comments, and answered Member questions.

Member Schneider moved to take the recommended action to adopt the two resolutions, as presented. Vice-Chair Dyda seconded the motion.

The motion passed on the following roll call vote:

AYES: Fox, O'Brien, Schneider, Vice-Chair Dyda, and Chair Wolowicz

NOES: None

The Oversight Board adopted Resolution OB 2013-06, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE SIX-MONTH FISCAL PERIOD COMMENCING JANUARY 1, 2014 AND ENDING JUNE 30, 2014 PURSUANT TO HEALTH AND SAFETY CODE SECTION 34180, AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH.

The Oversight Board adopted Resolution OB 2013-07, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY APPROVING AN ADMINISTRATIVE BUDGET FOR THE SIX-MONTH FISCAL PERIOD COMMENCING JANUARY 1, 2014 AND ENDING JUNE 30, 2014, AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH.

Staff agreed to notify the California Department of Finance that the ROPS13-14B worksheet template includes two formula errors.

Staff agreed to email the Oversight Board if there are any significant changes to the estimated Redevelopment Property Tax Trust Fund distribution scheduled for January 2, 2014.

## **5. DISCUSSION OF REAL PROPERTY APPRAISAL PROCESS**

Legal Counsel Lynch provided brief oral comments and answered Member questions. Chair Wolowicz requested that discussion of the real property appraisals be placed on the next agenda. Members generally agreed that a cost estimate to prepare the appraisals should be obtained from a second appraiser.

Staff agreed to email any additional appraisal estimates to the Oversight Board.

## **6. DISCUSSION OF AND CONSIDER APPROVAL OF LONG-RANGE PROPERTY MANAGEMENT PLAN**

Late correspondence was distributed for this item. Staff provided a PowerPoint presentation summarizing the process, alternatives, and reasons supporting the Successor Agency proposal. Members discussed the Plan document, and Staff and Legal Counsel answered Member questions.

As late correspondence, Member Fox offered additional information regarding recent Cherryhill Lane property purchases by the City. Staff provided corrected property purchase information. Chair Wolowicz pointed out a typo in the document. Members generally agreed that the document should be amended for both the corrected property purchase information and the typo.

Vice-Chair Dyda motioned to approve the Long-Range Property Management Plan, as amended, by adopting a resolution that was read into the public record by Legal Counsel Lynch. Member Schneider seconded the motion.

Staff agreed to email the Resolution to the Oversight Board.

The motion passed on the following roll call vote:

AYES: Cano, Fox, O'Brien, Schneider, Vice-Chair Dyda, and Chair Wolowicz

NOES: None

The Oversight Board adopted Resolution OB 2013-08, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY APPROVING THE LONG-RANGE PROPERTY MANAGEMENT PLAN PREPARED BY THE SUCCESSOR AGENCY PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5, DETERMINING THAT APPROVAL OF THE LONG-RANGE PROPERTY MANAGEMENT PLAN IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH.

Staff agreed to email the Oversight Board with any response from the California Department of Finance regarding the Long-Range Property Management Plan.

**7. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA**

None.

**8. MEMBER SUGGESTED AGENDA ITEMS FOR FUTURE MEETINGS**

None.

**9. CONSIDER FUTURE MEETING SCHEDULE AND UPDATED TIMELINE**

The next meeting was scheduled for February 12, 2014. Staff agreed to email the Oversight Board soon after the 1<sup>st</sup> of the New Year with additional potential meeting dates.

**10. ADJOURNMENT**

Vice-Chair Dyda moved to adjourn the meeting. Member Schneider seconded the motion. Hearing no objection, Chair Wolowicz adjourned the meeting at approximately 2:01 p.m.

ATTEST:

\_\_\_\_\_  
Steve Wolowicz, Chair

\_\_\_\_\_  
Kathryn Downs, Recording Person



## **MEMORANDUM**

**TO: HONORABLE CHAIR AND MEMBERS OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY**

**FROM: DENNIS McLEAN, DIRECTOR OF FINANCE & INFORMATION TECHNOLOGY**

**DATE: DECEMBER 11, 2013**

**SUBJECT: CONSIDER ISSUING FINDING REGARDING CITY CONSOLIDATED LOAN**

Staff Coordinator: Kathryn Downs, Deputy Director of Finance & Information Technology of the City of Rancho Palos Verdes

### **RECOMMENDATION**

Adopt Resolution No. OB 2013-\_\_\_\_, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY MAKING A FINDING THAT THE CONSOLIDATED LOAN AGREEMENT BETWEEN THE FORMER RANCHO PALOS VERDES REDEVELOPMENT AGENCY AND THE CITY OF RANCHO PALOS VERDES WAS FOR LEGITIMATE REDEVELOPMENT PURPOSES, DETERMINING THAT ADOPTION OF THIS RESOLUTION IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH.

### **BACKGROUND AND DISCUSSION**

Beginning on January 15, 1991, the City began making advances to the former Redevelopment Agency (RDA) to abate geologic hazards. Prior to redevelopment dissolution on January 31, 2012, the City had loaned a total of \$6,742,776 of principal to the former RDA. Dissolution law originally did not provide for the City's loans to be recognized as enforceable obligations. However dissolution law was amended to provide for recognition if certain criteria are met (Health and Safety Code Section 34191.4, see attachment A), as follows.

1. The Successor Agency must obtain its Finding of Completion from the California

## CONSIDER ISSUING FINDING REGARDING CITY CONSOLIDATED LOAN

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Department of Finance (DOF). The Rancho Palos Verdes Finding of Completion was issued by the state on April 26, 2013.

2. The Oversight Board, by resolution, “makes a finding that the loan was for legitimate redevelopment purposes.”
3. The DOF approves the Oversight Board resolution; either expressly or by default if the DOF does not request to review the resolution after it is submitted to the DOF.

The purpose of this agenda item is for the Oversight Board to consider making its finding that the City’s loans to the former RDA were made for legitimate redevelopment purposes. The Oversight Board is not being asked to verify the amounts of the loans, the outstanding balances of the loans, or the uses of the proceeds.

Prior to December 1, 2003, each time the City made an advance to the former RDA, a loan agreement was prepared, authorized by the City Council, and signed by the Mayor or Mayor Pro Tem and the City Clerk. On December 1, 2003, the City Council authorized a Loan Agreement that consolidated all prior loans and provided authorization for future advances. After December 1, 2003, each time an advance was made to the former RDA, an informational report was prepared to provide detailed information about the advance. Each of the loan agreements and the informational reports have been attached to this report (see Attachment C). The recitals in each loan document indicate that the loans were to be used for abatement of geologic hazards. Staff has prepared a summary of each advance and the document that provided authorization to facilitate the Oversight Board’s review of the documents (see Attachment B).

The City’s independent auditor has indicated that the Successor Agency should complete steps 2 and 3 listed above in order to record the City’s Consolidated Loan on the City’s financial statements. The basis for the auditor’s position is a white paper issued by the California Committee on Municipal Accounting, titled *Accounting and Financial Reporting for California Redevelopment Agencies and Related Successor Agencies: Questions and Suggested Solutions of a Continuing Nature*. The relevant excerpt from the white paper follows.

*“Q – Should loans between the city and the former redevelopment agency continue to be recognized in the financial statements of the city and the Successor Agency?”*

*A – Yes, if management has formed the opinion that it is probable that the loan will be repaid. Generally, a loan is considered probable to be repaid if all four of the following conditions have been met: (1) The Oversight Board finds that the loans were made ‘to further legitimate redevelopment purposes’; (2) the DOF approves the loans as enforceable obligations; (3) the DOF has issued a Finding of Completion to the Successor Agency; and (4) the Successor Agency can demonstrate that the cash flows associated with RPTTF funds are sufficient to provide a reasonable expectation of repayment.”*

The City’s independent auditor has reviewed the draft resolution to be considered by the Oversight Board, and has verified that the resolution meets criteria expected by the auditor. The City desires to issue its financial statements by January 31, 2014 to meet a national

## CONSIDER ISSUING FINDING REGARDING CITY CONSOLIDATED LOAN

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standard. If the Oversight Board makes the requested finding on December 11<sup>th</sup>, the DOF will have until January 27, 2014 to approve the Oversight Board resolution; which will allow the financial statements to be issued by January 31<sup>st</sup> including the City's Consolidated Loan.

### Balance of City's Consolidated Loan

The Oversight Board is not being asked to validate the balance of the City's Consolidated Loan; however, for informational purposes only, we are providing a discussion of the outstanding balance.

Prior to dissolution, the City's Consolidated Loan accrued interest at a rate equal to the Local Agency Investment Fund (LAIF) earnings rate plus three percent. If the City's Consolidated Loan becomes an enforceable obligation (via state approval, as discussed above), dissolution law requires the City's Consolidated Loan to be restructured with terms outlined in California Health and Safety Code Section 34191.4(b)(2).

*"If the oversight board finds that the loan is an enforceable obligation, the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund."*

There appears to be a discrepancy between the state, many local government finance officers, and various auditors of municipalities regarding the interpretation of this statute.

Based on information from Successor Agency counsel, the City's former independent auditors, and its own professional opinion and interpretation of the statute, Staff has taken the position that the City's Consolidated Loan should be restructured to a balance of \$12,058,578 at June 30, 2013; including \$6,742,776 of principal and \$5,315,802 of accrued interest, retroactively recalculated using historical LAIF earnings rates since inception of the loan.

The California Department of Finance (DOF) has taken the position on its website that the loan should be restructured using the LAIF earnings rate *for the quarter during which the Oversight Board makes its finding*, applied to the entire life of the loan. Using the DOF interpretation, if the Oversight Board makes its finding on December 11<sup>th</sup>, the LAIF rate for the quarter ended December 31, 2013 (perhaps about 0.26%) would be used to retroactively recalculate accrued interest over the entire life of the loan; resulting in an estimated restructured balance of approximately \$7,050,000, including \$6,742,776 of principal and only about \$307,000 of accrued interest. The DOF position has not yet been tested.

Prior to issuance of the June 30, 2013 financial statements, the City's independent auditor and Staff will work together to determine the appropriate financial statement disclosure for

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the City's Consolidated Loan. The City's independent auditor has indicated that they will accept Staff's position to record the loan at \$12,058,578 with concurrence from the City's legal counsel.

### Repayment of the City's Consolidated Loan

At this time, the Oversight Board is not being asked to consider repayment of the City's Consolidated Loan; however, at some point in the future the Oversight Board will be asked to consider a repayment schedule. The repayment schedule cannot be developed at this time, as the amount of property tax available for repayment is unknown.

In 1987, as part of a lawsuit settlement agreement, property tax increment generated from the project area was allocated as follows.

- County share: 50.9%, deferred until debt of RDA is repaid
- Fire District share: 17%
- Housing Set-Aside: 20%
- Rancho Palos Verdes RDA: Remainder

In 1997, as part of debt restructuring, the County and the former RDA entered into a Memorandum of Understanding (MOU) for the distribution of property tax increment as follows.

- Fire District share of 17% continues to be paid to the Fire District.
- Housing Set-Aside of 20% continues to be paid to the Rancho Palos Verdes RDA.
- Both the County deferred share of 50.9% and the RDA's share (about 12.1%) is "impounded" to repay the RDA's debt to the County.

The county "impounded" (held in escrow) property tax increment to make debt payments to the county. The debt to the county was paid as follows.

- 1997 Tax Allocation Bonds – payments are made twice annually based on a debt service schedule within the MOU described above.
- Deferred Interest Debt – payments are made annually based on the amount of property tax increment in the impound account. In other words, the impound account was reduced to \$0 each year upon payment of the Deferred Interest Debt.

Upon dissolution, the County has continued to "impound" the Redevelopment Property Tax Trust Fund (RPTTF) in the same manner as described above (per the MOU). As there is no longer a 20% Housing Set-Aside requirement, 20% of RPTTF was distributed to Rancho Palos Verdes for its administrative allowance and the parcel assessments. To date, the DOF has upheld MOU's that were in place prior to dissolution.

The last payment of Deferred Interest Debt was made to the county on December 3, 2013

## **CONSIDER ISSUING FINDING REGARDING CITY CONSOLIDATED LOAN**

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(\$62,294). It is unclear how the county would distribute RPTTF, as there is no longer a need to pay Deferred Interest Debt. In theory, the county should only "impound" the RPTTF necessary to make the scheduled 1997 Tax Allocation Bond payments. Staff has an open inquiry with the County regarding this matter. Once the county's method of RPTTF distribution becomes clear, Staff should be able to develop a repayment schedule for the City's Consolidated Loan. The repayment schedule will be presented to both the Successor Agency Board and the Oversight Board for consideration. As a reminder, the DOF has informed successor agencies that city loans may not be repaid before FY14-15. Therefore, the uncertainty and discussions with the county are not currently delaying repayment of the City's Consolidated Loan.

This matter was reported to the Successor Agency Board on December 3, 2013. The Successor Agency Board received and filed Staff's report.

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**RESOLUTION NO. OB 2013-\_\_\_\_\_**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY MAKING A FINDING THAT THE CONSOLIDATED LOAN AGREEMENT BETWEEN THE FORMER RANCHO PALOS VERDES REDEVELOPMENT AGENCY AND THE CITY OF RANCHO PALOS VERDES WAS FOR LEGITIMATE REDEVELOPMENT PURPOSES, DETERMINING THAT ADOPTION OF THIS RESOLUTION IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH**

**RECITALS:**

A. Pursuant to Health and Safety Code Section 34171(d), enforceable obligations of the former Rancho Palos Verdes Redevelopment Agency ("Former Agency") do not include the Consolidated Loan Agreement between the City of Rancho Palos Verdes and the Former Agency presented to the Oversight Board at this meeting ("Loan Agreement"), which Loan Agreement is invalid and shall not be binding on the Successor Agency to the Rancho Palos Verdes Redevelopment Agency ("Successor Agency") commencing on June 28, 2011.

B. Pursuant to Health and Safety Code Section 34191.4, notwithstanding Health and Safety Code Section 34171(d), upon the Successor Agency's receipt of a finding of completion from the California Department of Finance ("DOF") and approval of the Oversight Board, the Loan Agreement shall be deemed to be an enforceable obligation provided that the Oversight Board makes a finding that the Loan Agreement was for legitimate redevelopment purposes.

C. Pursuant to Health and Safety Code Section 34179.7, DOF issued a finding of completion to the Successor Agency on April 26, 2013.

D. Pursuant to Health and Safety Code Section 34191.4, if the Oversight Board approves the Loan Agreement, the Successor Agency will subsequently submit a repayment schedule to the Oversight Board for its consideration.

E. Staff of the Successor Agency has presented to the Oversight Board information regarding the purpose of the Loan Agreement.

F. At this time, the Oversight Board desires to find that the Loan Agreement was for legitimate redevelopment purposes.

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

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

Section 2. This Resolution is adopted pursuant to Health and Safety Code Section 34191.4.

Section 3. The Oversight Board hereby finds that the Loan Agreement was for legitimate redevelopment purposes.

Section 4. The staff of the Successor Agency is hereby directed to transmit to DOF this Resolution together with written notice and information regarding the action taken by this Resolution. Such notice to DOF shall be provided by electronic means and in a manner of DOF's choosing.

Section 5. The staff of the Successor Agency is hereby authorized and directed to prepare a repayment schedule for consideration by the Oversight Board.

Section 6. This Resolution has been reviewed with respect to the applicability of the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*) ("CEQA"). Pursuant to the State CEQA Guidelines (14 Cal Code Regs 15000 *et seq.*)(the "Guidelines"), the Oversight Board has determined that adoption of this Resolution is not a project pursuant to CEQA and is exempt therefrom because it is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment (Guidelines Section 15378(b)(5)). Further, it can be seen with certainty that there is no possibility that adoption of this Resolution may have a significant effect on the environment, and thus the action is exempt from CEQA (Guidelines Section 15061(b)(3)). Staff of the Successor Agency is hereby directed to prepare and post a notice of exemption pursuant to Guidelines Section 15062.

**PASSED AND ADOPTED** this 11<sup>th</sup> day of December, 2013.

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Chair

ATTEST:

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Secretary

## **HEALTH AND SAFETY CODE**

### **SECTION 34191.1-34191.5**

34191.1. The provisions of this chapter shall apply to a successor agency upon that agency's receipt of a finding of completion by the Department of Finance pursuant to Section 34179.7.

34191.3. Notwithstanding Section 34191.1, the requirements specified in subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be suspended, except as those provisions apply to the transfers for governmental use, until the Department of Finance has approved a long-range property management plan pursuant to subdivision (b) of Section 34191.5, at which point the plan shall govern, and supersede all other provisions relating to, the disposition and use of the real property assets of the former redevelopment agency. If the department has not approved a plan by January 1, 2015, subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be operative with respect to that successor agency.

34191.4. The following provisions shall apply to any successor agency that has been issued a finding of completion by the Department of Finance:

(a) All real property and interests in real property identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5 shall be transferred to the Community Redevelopment Property Trust Fund of the successor agency upon approval by the Department of Finance of the long-range property management plan submitted by the successor agency pursuant to subdivision (b) of Section 34191.7 unless that property is subject to the requirements of any existing enforceable obligation.

(b) (1) Notwithstanding subdivision (d) of Section 34171, upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created by the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.

(2) If the oversight board finds that the loan is an enforceable obligation, the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund. The annual loan repayments provided for in the recognized obligations payment schedules shall be subject to all of the following limitations:

(A) Loan repayments shall not be made prior to the 2013-14 fiscal year. Beginning in the 2013-14 fiscal year, the maximum repayment amount authorized each fiscal year for repayments made pursuant to this subdivision and paragraph (7) of subdivision (e) of Section 34176 combined shall be equal to one-half of the increase between the amount distributed to the taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 in that fiscal year and the amount distributed to taxing entities pursuant to that paragraph in the 2012-13 base year. Loan or deferral repayments made pursuant to this subdivision shall be second in priority to amounts to be repaid pursuant to paragraph (7) of subdivision (e) of Section 34176.

(B) Repayments received by the city, county or city and county that formed the redevelopment agency shall first be used to retire any outstanding amounts borrowed and owed to the Low and Moderate Income Housing Fund of the former redevelopment agency for purposes of the Supplemental Educational Revenue Augmentation Fund and shall be distributed to the Low and Moderate Income Housing Asset Fund established by subdivision (d) of Section 34176.

(C) Twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to the Low and Moderate Income Housing Asset Fund, after all outstanding loans from the Low and Moderate Income Housing Fund for purposes of the Supplemental Educational Revenue Augmentation Fund have been paid.

(c) (1) Bond proceeds derived from bonds issued on or before December 31, 2010, shall be used for the purposes for which the bonds were sold.

(2) (A) Notwithstanding Section 34177.3 or any other conflicting provision of law, bond proceeds in excess of the amounts needed to satisfy approved enforceable obligations shall thereafter be expended in a manner consistent with the original bond covenants. Enforceable obligations may be satisfied by the creation of reserves for projects that are the subject of the enforceable obligation and that are consistent with the contractual obligations for those projects, or by expending funds to complete the projects. An expenditure made pursuant to this paragraph shall constitute the creation of excess bond proceeds obligations to be paid from the excess proceeds. Excess bond proceeds obligations shall be listed separately on the Recognized Obligation Payment Schedule submitted by the successor agency.

(B) If remaining bond proceeds cannot be spent in a manner consistent with the bond covenants pursuant to subparagraph (A), the proceeds shall be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

34191.5. (a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The report shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.

(c) The long-range property management plan shall do all of the following:

(1) Include an inventory of all properties in the trust. The inventory shall consist of all of the following information:

(A) The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.

(B) The purpose for which the property was acquired.

(C) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

(D) An estimate of the current value of the parcel including, if available, any appraisal information.

(E) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

(F) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

(G) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

(H) A brief history of previous development proposals and activity, including the rental or lease of property.

(2) Address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

(A) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.

(B) If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds from the sale shall be distributed as property tax to the taxing entities.

(C) Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

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**Summary of City Advances to the Former Redevelopment Agency****Portuguese Bend Loans**

<b>Period</b>	<b>Amount</b>	<b>Authorization</b>
FY89-90	1,279,152	Jan 15, 1991 & Jan 29, 1991 Loan Agreements. Correctly memorialized in Jun 15, 1993 Loan Agreement.
FY90-91	318,400	Jan 29, 1991 Loan Agreement. Correctly memorialized in Jun 15, 1993 Loan Agreement.
FY91-92	165,000	Jun 1, 1992 Loan Agreement.
FY92-93	133,000	Memorialized in Jun 15, 1993 Loan Agreement.
FY93-94	133,000	Jun 15, 1993 Loan Agreement.
FY94-95	457,000	Jun 21, 1994 and Mar 7, 1995 Loan Agreements. Superseded for final amount by May 2, 1995 Loan Agreement.
FY95-96	435,000	Jun 30, 1996 Loan Agreement.
FY96-97	250,000	Sep 17, 1996 and Jun 30, 1997 Loan Agreements.
FY97-98	200,000	Jun 30, 1997 Loan Agreement.
FY98-99	700,000	Jun 30, 1998 Loan Agreement.
FY99-00	250,000	Jul 1, 1999 Amendment to Jul 1, 1999 Loan Agreement.
	<b>4,320,552</b>	<b>Subtotal Principal of Portuguese Bend Loans</b>

**Abalone Cove Loans**

<b>Period</b>	<b>Amount</b>	<b>Authorization</b>
FY97-98	1,545,000	Nov 30, 1997 Loan Agreement.
FY02-03	12,000	Jul 1, 2002 Loan Agreement.
FY03-04	40,355	Dec 1, 2003 Consolidated Loan Agreement. Detailed in Dec 2, 2003 Staff Report.
FY04-05	60,907	Dec 1, 2003 Consolidated Loan Agreement. Detailed in Sep 7, 2004 Staff Report.
FY05-06	93,540	Dec 1, 2003 Consolidated Loan Agreement. Detailed in Nov 1, 2005 Staff Report (actual amount less than reported in Staff Report).
FY06-07	80,498	Dec 1, 2003 Consolidated Loan Agreement. Detailed in Oct 3, 2006 Staff Report.
FY07-08	22,207	Dec 1, 2003 Consolidated Loan Agreement. Detailed in Sep 4, 2007 Staff Report.
FY08-09	44,485	Dec 1, 2003 Consolidated Loan Agreement. Detailed in Aug 5, 2008 Staff Report.
FY09-10	86,831	Dec 1, 2003 Consolidated Loan Agreement. Detailed in Mar 2, 2010 Staff Report.
FY10-11	346,483	Dec 1, 2003 Consolidated Loan Agreement. Detailed in Jun 7, 2011 Staff Report.
FY11-12	89,918	Dec 1, 2003 Consolidated Loan Agreement. Detailed in Dec 6, 2011 Memorandum to File.
	<b>2,422,224</b>	<b>Subtotal Principal of Abalone Cove Loans</b>

**6,742,776 Grand Total Principal**



## RANCHO PALOS VERDES

## LOAN AGREEMENT

This loan agreement, dated as of January 15, 1991, is made by and between the City of Rancho Palos Verdes and the Rancho Palos Verdes Redevelopment Agency. For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

## R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area and to relocate, reconstruct, and repair Palos Verdes Drive South.

C. The City has advanced the Agency approximately \$1.25 million, plus accumulated 8% interest for a total outstanding advance of \$1,479,484 as of June 30, 1990.

D. Except for a previous loan agreement of \$282,500, the Agency has been advanced these funds without any agreement. Parties agree to formalize these prior transactions with a Loan Agreement.

ARTICLE I  
DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.03. Loan Agreement. "Loan Agreement" means this loan agreement dated as of January 15, 1991, between the City and Agency.

Section 1.04. Party. "Party" means any party to this Agreement.

Section 1.05. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.06. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.07. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

ARTICLE II  
LOAN

Section 2.01. Loan. The City has loaned to the Agency the sum of One Million Four Hundred Seventy Nine Thousand Four Hundred Eighty Four Dollars (\$1,479,484), including outstanding principal and accrued interest. The unpaid principal and accrued interest

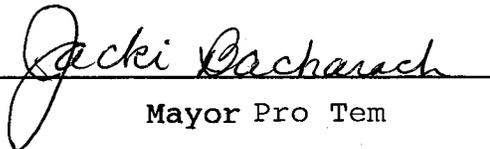
balance of such loan amount shall continue to draw interest, compounded annually, at the rate of ten percent (10%) per annum commencing July 1, 1990, and continuing until principal and interest are paid in full. Agency shall repay the loan from any legally available monies of the Agency. The loan will mature concurrently with the close of the City's 1990-91 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan is subordinated to any existing obligations of the Agency and may be subordinated to any bonds, notes, or other obligations of the Agency to the extent that the City agrees.

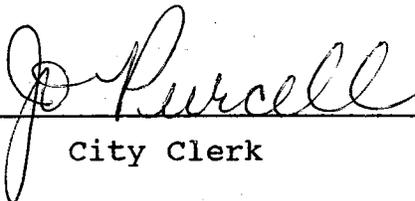
IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

ATTEST:

By

  
\_\_\_\_\_  
Mayor Pro Tem

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

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

ATTEST:

By Jacki Bacharach  
Agency Chairperson

J. Purcell  
Agency Secretary

LOAN AGREEMENT  
1990-91

This loan agreement, dated as of January 29, 1991, is made by and between the City of Rancho Palos Verdes and the Rancho Palos Verdes Redevelopment Agency. For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area and to relocate, reconstruct, and repair Palos Verdes Drive South.

C. The City has previously advanced the Agency approximately \$1.25 million, plus accumulated 8% interest for a total outstanding advance of \$1,479,484 as of June 30, 1990.

D. The City is willing to loan the Agency an additional \$364,400 for the purpose of performing necessary activities of the Agency.

ARTICLE I  
DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.03. Loan Agreement. "Loan Agreement" means this loan agreement dated as of January 29, 1991, between the City and Agency.

Section 1.04. Party. "Party" means any party to this Agreement.

Section 1.05. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.06. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.07. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

ARTICLE II  
LOAN

Section 2.01. Loan. The City shall loan to the Agency the sum of Three Hundred Sixty Four Thousand Four Hundred Dollars (\$364,400). This amount is in addition to the unpaid principal and accrued interest balance of \$1,479,484 which was previously advanced by the City to the Agency through June 30, 1990. The unpaid principal of such new loan shall draw interest, compounded annually, at the rate of ten percent (10%) per annum commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full. Agency shall repay the loan from any legally available monies of the Agency. The loan will mature concurrently with the close of the City's 1990-91 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan is subordinated to any existing obligations of the Agency and may be subordinated to any bonds, notes, or other obligations of the Agency to the extent that the City agrees.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

ATTEST:

By Jacki Bacharach  
Mayor Pro Tem

J. Russell  
City Clerk

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

ATTEST:

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

By   
\_\_\_\_\_  
Agency Chairperson

## LOAN AGREEMENT

This loan agreement, dated as of June 1, 1992 is made by and between the City of Rancho Palos Verdes and the Rancho Palos Verdes Redevelopment Agency. For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

## R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area and to relocate, reconstruct, and repair Palos Verdes Drive South.

C. The City has previously loaned the Agency 2,296,909, plus accumulated interest for a total outstanding balance of \$2,507,491 as of June 30, 1991. The history of the loans made by the City to the two funds of the Agency are as follows:

As of June 30 for the years:	Principal	Accrued Interest	Total Balance Outstanding
<u>Portuguese Bend</u>			
1990	1,239,650	- 0 -	1,239,650
1991	357,902	148,229	1,745,781
<u>Abalone Cove Fund</u>			
1990	239,834	- 0 -	239,834
1991	459,523	38,209	737,566
Totals	2,296,909	186,438	2,483,347

D. The City is willing to loan the Agency an additional \$165,000 to its Portuguese Bend Fund for the purpose of performing necessary activities of the Agency in Portuguese Bend for fiscal year 1991-92.

E. The Agency is willing to repay the City \$787,340 in principal and accrued interest (through May 31, 1992) for loans which were advanced to the Agency to fund activities in the Abalone Cove area

until County Improvement District funds were made available to the Agency.

F. Each Party agrees to consolidate all prior transactions within this Loan Agreement.

ARTICLE I  
DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.03. Loan Agreement. "Loan Agreement" means this loan agreement entered into June 1, 1992 between the City and Agency.

Section 1.04. Party. "Party" means any party to this Agreement.

Section 1.05. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.06. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.07. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

ARTICLE II  
LOAN

Section 2.01. Loan. The City shall loan to the Agency the sum of One Hundred Sixty Five Thousand Dollars (\$165,000). This amount is in addition to the unpaid principal and accrued interest balance of \$2,483,347 which was previously advanced by the City to the Agency through June 30, 1991. Both the \$165,000 and the unpaid balance of \$2,483,347 as of June 30, 1991 shall constitute the balance owed under the Loan Agreement.

Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded annually on a 360 day year, at the rate of ten percent (10%) per annum for loans made to the Portuguese Bend Fund, and seven point three six two percent (7.362%) per annum for the Abalone Cove Fund commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full.

Section 2.03. Terms of Repayment. Agency shall repay the loan from any legally available monies of the Agency. The loan will mature concurrently with the close of the City's 1991-92 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan may be subordinated to any bonds, notes, or other obligations of the Agency to the extent that the City agrees.

Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Loan Agreement. All previous loan agreements between the City and Agency are superseded by this Agreement.

ARTICLE III  
REPAYMENT OF ABALONE COVE LOANS

Section 3.01. Repayment of Abalone Cove Loans. Agency shall repay to the City the amount of \$787,340 for amounts previously loaned to the Agency for activities in Abalone Cove. Accrued interest of \$87,983 through May 31, 1992 and unpaid principal of \$699,357 shall be reduced with this repayment.

Section 3.02. Outstanding Balances. As of June 30, 1992, the balances owed by the two funds of the Agency to the City as a result of the Loan Agreement, and any repayments provided for herein, shall be as follows:

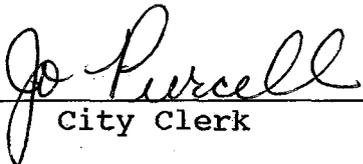
As of June 30, 1992	Principal	Accrued Interest	Total Balance Outstanding
<u>Portuguese Bend</u>			
1992	1,762,552	329,130	2,091,682
<u>Abalone Cove Fund</u>			
1992	- 0 -	- 0 -	- 0 -

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

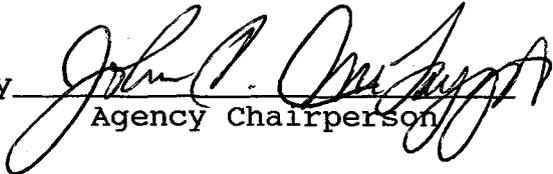
ATTEST:

By   
Mayor

  
City Clerk

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

ATTEST:

By   
Agency Chairperson

  
Agency Secretary

## LOAN AGREEMENT

This loan agreement, dated as of June 15, 1993 is made by and between the City of Rancho Palos Verdes and the Rancho Palos Verdes Redevelopment Agency. For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

## R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area and to relocate, reconstruct, and repair Palos Verdes Drive South.

C. The City has previously loaned the Agency \$1,895,552, plus accumulated interest for a total outstanding balance of \$2,439,946 as of June 30, 1993. The history of the loans made by the City to the two funds of the Agency are as follows:

As of June 30 for the years:	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total Balance Outstanding</u>
<u>Portuguese Bend</u>			
1990	1,279,152	- 0 -	1,279,152
1991	318,400	148,229	1,745,781
1992	165,000	180,901	2,091,682
1993	<u>133,000</u>	<u>215,264</u>	<u>2,439,946</u>
Total Portuguese Bend	<u>1,895,552</u>	<u>544,394</u>	<u>2,439,946</u>
<u>Abalone Cove</u>			
1990	200,332	- 0 -	200,332
1991	499,025	38,209	737,566
1992	- 0 -	49,774	787,340
1992 repayment	( <u>699,357</u> )	( <u>87,983</u> )	<u>- 0 -</u>
Total Abalone Cove	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Agency Totals	<u>1,895,552</u>	<u>544,394</u>	<u>2,439,946</u>

D. The City is willing to loan the Agency an additional \$133,000 to its Portuguese Bend Fund for the purpose of performing necessary activities of the Agency in Portuguese Bend for fiscal year 1993-94.

E. Each Party agrees to consolidate all prior transactions within this Loan Agreement.

ARTICLE I  
DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.03. Loan Agreement. "Loan Agreement" means this loan agreement entered into June 15, 1993 between the City and Agency.

Section 1.04. Party. "Party" means any party to this Agreement.

Section 1.05. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.06. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.07. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

ARTICLE II  
LOAN

Section 2.01. Loan. The City shall loan to the Agency the sum of One Hundred Thirty Three Thousand Dollars (\$133,000) for fiscal year 1993-94. This amount is in addition to the unpaid principal and accrued interest balance of \$2,439,946 which was previously advanced by the City to the Agency through June 30, 1993. Both the \$133,000 and the unpaid balance of \$2,439,946 as of June 30, 1993 shall constitute the balance owed under the Loan Agreement.

Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full.

Section 2.03. Terms of Repayment. Agency shall repay the loan from any legally available monies of the Agency. The loan will mature concurrently with the close of the City's 1993-94 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan may be subordinated to any bonds, notes, or other obligations of the Agency to the extent that the City agrees.

Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Loan Agreement. All previous loan agreements between the City and Agency are superseded by this Agreement.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

ATTEST:

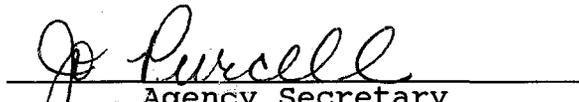
By   
Mayor

  
City Clerk

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

ATTEST:

By   
Agency Chairperson

  
Agency Secretary

## LOAN AGREEMENT

This loan agreement, dated as of June 21, 1994 is made by and between the City of Rancho Palos Verdes and the Rancho Palos Verdes Redevelopment Agency. For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

## R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area and to relocate, reconstruct, and repair Palos Verdes Drive South.

C. The City has previously loaned the Agency \$2,028,552, plus accumulated interest for a total outstanding balance of \$2,754,261 as of June 30, 1994. The history of the loans made by the City to the two funds of the Agency are as follows:

As of June 30 for the years:	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total Balance Outstanding</u>
<u>Portuguese Bend</u>			
1990	1,279,152	- 0 -	1,279,152
1991	318,400	148,229	1,745,781
1992	165,000	180,901	2,091,682
1993	133,000	215,264	2,439,946
1994	<u>133,000</u>	<u>181,315</u>	<u>2,754,261</u>
Total Portuguese Bend	<u>2,028,552</u>	<u>725,709</u>	<u>2,754,261</u>
<u>Abalone Cove</u>			
1990	200,332	- 0 -	200,332
1991	499,025	38,209	737,566
1992	- 0 -	49,774	787,340
1992 repayment	( 699,357)	( 87,983)	- 0 -
Total Abalone Cove	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Agency Totals	<u>2,028,552</u>	<u>725,709</u>	<u>2,754,261</u>

D. The City is willing to loan the Agency an additional \$300,000 to its Portuguese Bend Fund for the purpose of performing necessary activities of the Agency in Portuguese Bend for fiscal year 1994-95.

E. Each Party agrees to consolidate all prior transactions within this Loan Agreement.

ARTICLE I  
DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.03. Loan Agreement. "Loan Agreement" means this loan agreement entered into June 21, 1994 between the City and Agency.

Section 1.04. Party. "Party" means any party to this Agreement.

Section 1.05. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.06. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.07. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

ARTICLE II  
LOAN

Section 2.01. Loan. The City shall loan to the Agency the sum of Three Hundred Thousand Dollars (\$300,000) for fiscal year 1994-95. This amount is in addition to the unpaid principal and accrued interest balance of \$2,754,261 which was previously advanced by the City to the Agency through June 30, 1994. Both the \$300,000 and the unpaid balance of \$2,754,261 as of June 30, 1994 shall constitute the balance owed under the Loan Agreement.

Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full.

Section 2.03. Terms of Repayment. Agency shall repay the loan from any legally available monies of the Agency. The loan will mature concurrently with the close of the City's 1994-95 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan may be subordinated to any bonds, notes, or other obligations of the Agency to the extent that the City agrees.

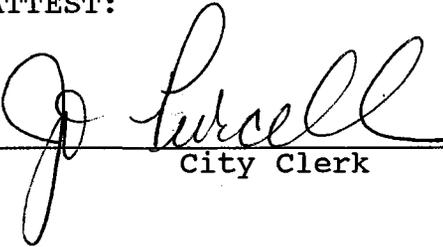
Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Loan Agreement. All previous loan agreements between the City and Agency are superseded by this Agreement.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

By   
Mayor

ATTEST:

  
City Clerk

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

By   
Agency Chairperson

ATTEST:

  
Agency Secretary

## LOAN AGREEMENT

This loan agreement, dated as of March 7, 1995 is made by and between the City of Rancho Palos Verdes and the Rancho Palos Verdes Redevelopment Agency. For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

## R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area and to relocate, reconstruct, and repair Palos Verdes Drive South.

C. The City has previously loaned the Agency \$2,028,552, plus accumulated interest for a total outstanding balance of \$2,754,261 as of June 30, 1994. The history of the loans made by the City to the two funds of the Agency are as follows:

As of June 30 for the years:	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total Balance Outstanding</u>
<u>Portuguese Bend</u>			
1990	1,279,152	- 0 -	1,279,152
1991	318,400	148,229	1,745,781
1992	165,000	180,901	2,091,682
1993	133,000	215,264	2,439,946
1994	<u>133,000</u>	<u>181,315</u>	<u>2,754,261</u>
Total Portuguese Bend	<u>2,028,552</u>	<u>725,709</u>	<u>2,754,261</u>
<u>Abalone Cove</u>			
1990	200,332	- 0 -	200,332
1991	499,025	38,209	737,566
1992	- 0 -	49,774	787,340
1992 repayment	( <u>699,357</u> )	( <u>87,983</u> )	<u>- 0 -</u>
Total Abalone Cove	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Agency Totals	<u>2,028,552</u>	<u>725,709</u>	<u>2,754,261</u>

D. The City is willing to loan the Agency an additional \$382,000 to its Portuguese Bend Fund for the purpose of performing necessary activities of the Agency in Portuguese Bend for FY 1994-95.

E. Each Party agrees to consolidate all prior transactions within this Loan Agreement.

ARTICLE I  
DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.03. Loan Agreement. "Loan Agreement" means this loan agreement entered into March 7, 1995 between the City and Agency.

Section 1.04. Party. "Party" means any party to this Agreement.

Section 1.05. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.06. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.07. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

ARTICLE II  
LOAN

Section 2.01. Loan. The City shall loan to the Agency the sum of Three Hundred Eighty-Two Thousand Dollars (\$382,000) for fiscal year 1994-95. This amount is in addition to the unpaid principal and accrued interest balance of \$2,754,261 which was previously advanced by the City to the Agency through June 30, 1994. Both the \$382,000 and the unpaid balance of \$2,754,261 as of June 30, 1994 shall constitute the balance owed under the Loan Agreement.

Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full.

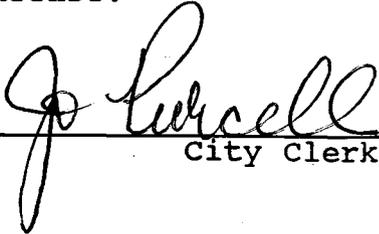
Section 2.03. Terms of Repayment. Agency shall repay the loan from any legally available monies of the Agency. The loan will mature concurrently with the close of the City's 1994-95 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan may be subordinated to any bonds, notes, or other obligations of the Agency to the extent that the City agrees.

Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Loan Agreement. All previous loan agreements between the City and Agency are superseded by this Agreement.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

ATTEST:

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

By   
\_\_\_\_\_  
Mayor

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

ATTEST:

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

By   
\_\_\_\_\_  
Agency Chairperson

## LOAN AGREEMENT

This loan agreement, dated as of May 2, 1995 is made by and between the City of Rancho Palos Verdes and the Rancho Palos Verdes Redevelopment Agency. For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

## R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area and to relocate, reconstruct, and repair Palos Verdes Drive South.

C. The City has previously loaned the Agency \$2,028,552, plus accumulated interest for a total outstanding balance of \$2,754,261 as of June 30, 1994. The history of the loans made by the City to the two funds of the Agency are as follows:

As of June 30 for the years:	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total Balance Outstanding</u>
<u>Portuguese Bend</u>			
1990	1,279,152	- 0 -	1,279,152
1991	318,400	148,229	1,745,781
1992	165,000	180,901	2,091,682
1993	133,000	215,264	2,439,946
1994	<u>133,000</u>	<u>181,315</u>	<u>2,754,261</u>
Total Portuguese Bend	<u>2,028,552</u>	<u>725,709</u>	<u>2,754,261</u>
<u>Abalone Cove</u>			
1990	200,332	- 0 -	200,332
1991	499,025	38,209	737,566
1992	- 0 -	49,774	787,340
1992 repayment	<u>( 699,357)</u>	<u>( 87,983)</u>	<u>- 0 -</u>
Total Abalone Cove	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Agency Totals	<u>2,028,552</u>	<u>725,709</u>	<u>2,754,261</u>

D. The City is willing to loan the Agency an additional \$457,000 to its Portuguese Bend Fund for the purpose of performing necessary activities of the Agency in Portuguese Bend for FY 1994-95.

E. Each Party agrees to consolidate all prior transactions within this Loan Agreement.

ARTICLE I  
DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.03. Loan Agreement. "Loan Agreement" means this loan agreement entered into May 2, 1995 between the City and Agency.

Section 1.04. Party. "Party" means any party to this Agreement.

Section 1.05. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.06. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.07. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

ARTICLE II  
LOAN

Section 2.01. Loan. The City shall loan to the Agency the sum of Four Hundred Fifty-Seven Thousand Dollars (\$457,000) for fiscal year 1994-95. This amount is in addition to the unpaid principal and accrued interest balance of \$2,754,261 which was previously advanced by the City to the Agency through June 30, 1994. Both the \$457,000 and the unpaid balance of \$2,754,261 as of June 30, 1994 shall constitute the balance owed under the Loan Agreement.

Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full.

Section 2.03. Terms of Repayment. Agency shall repay the loan from any legally available monies of the Agency. The loan will mature concurrently with the close of the City's 1994-95 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan may be subordinated to any bonds, notes, or other obligations of the Agency to the extent that the City agrees.

Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Loan Agreement. All previous loan agreements between the City and Agency are superseded by this Agreement.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

ATTEST:

By *[Signature]*  
Mayor

*[Signature]*  
City Clerk

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

ATTEST:

By *[Signature]*  
Agency Chairperson

*[Signature]*  
Agency Secretary

## LOAN AGREEMENT

This loan agreement, dated as of June 30, 1996 is made by and between the City of Rancho Palos Verdes and the Rancho Palos Verdes Redevelopment Agency. For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

### R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area and to relocate, reconstruct, and repair Palos Verdes Drive South.

C. The City has previously loaned the Agency \$2,485,552, plus accumulated interest for a total outstanding balance of \$3,464,066 as of June 30, 1995. The history of the loans made by the City to the two funds of the Agency are as follows:

As of June 30 for the years:	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total Balance Outstanding</u>
<u>Portuguese Bend</u>			
1990	1,279,152	- 0 -	1,279,152
1991	318,400	148,229	1,745,781
1992	165,000	180,901	2,091,682
1993	133,000	215,264	2,439,946
1994	133,000	181,315	2,754,261
1995	<u>457,000</u>	<u>252,805</u>	<u>3,464,066</u>
Total Portuguese Bend	<u>2,485,552</u>	<u>978,514</u>	<u>3,464,066</u>
<u>Abalone Cove</u>			
1990	200,332	- 0 -	200,332
1991	499,025	38,209	737,566
1992	- 0 -	49,774	787,340
1992 repayment	<u>- 699,357</u>	<u>- 87,983</u>	<u>- 0 -</u>
Total Abalone Cove	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Agency Totals	<u>2,485,552</u>	<u>978,514</u>	<u>3,464,066</u>

D. The City is willing to loan the Agency an additional \$435,000 to its Portuguese Bend Fund for the purpose of performing necessary activities of the Agency in Portuguese Bend for FY 1995-96.

E. Each Party agrees to consolidate all prior transactions within this Loan Agreement.

## ARTICLE I DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.03. Loan Agreement. "Loan Agreement" means this loan agreement entered into May 2, 1995 between the City and Agency.

Section 1.04. Party. "Party" means any party to this Agreement.

Section 1.05. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.06. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.07. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

## ARTICLE II LOAN

Section 2.01. Loan. The City shall loan to the Agency the sum of Four Hundred Thirty-Five Thousand Dollars (\$435,000) for fiscal year 1995-96. This amount is in addition to the unpaid principal and accrued interest balance of \$3,464,066 which was previously advanced by the City to the Agency through June 30, 1995. Both the \$435,000 and the unpaid balance of \$3,464,066 as of June 30, 1995 shall constitute the balance owed under the Loan Agreement.

Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are

transferred, and continuing until principal and interest are paid in full.

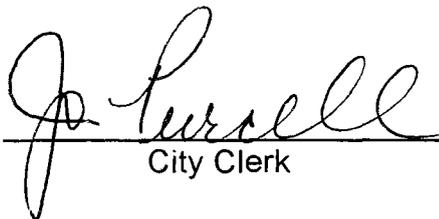
Section 2.03. Terms of Repayment. Agency shall repay the loan from any legally available monies of the Agency. The loan will mature concurrently with the close of the City's 1995-96 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan may be subordinated to any bonds, notes, or other obligations of the Agency to the extent that the City agrees.

Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Loan Agreement. All previous loan agreements between the City and Agency are superseded by this Agreement.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

ATTEST:

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

By   
\_\_\_\_\_  
Mayor

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

ATTEST:

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

By   
\_\_\_\_\_  
Agency Chairperson

## LOAN AGREEMENT

This loan agreement, dated as of ~~September 17, 1996~~ is made by and between the City of Rancho Palos Verdes and the Rancho Palos Verdes Redevelopment Agency. For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

### R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area and to relocate, reconstruct, and repair Palos Verdes Drive South.

C. The City has previously loaned the Agency \$2,920,552, plus accumulated interest for a total outstanding balance of \$4,218,152 as of June 30, 1996. The history of the loans made by the City to the two funds of the Agency are as follows:

As of June 30 for the years:	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total Balance Outstanding</u>
<u>Portuguese Bend</u>			
1990	1,279,152	- 0 -	1,279,152
1991	318,400	148,229	1,745,781
1992	165,000	180,901	2,091,682
1993	133,000	215,264	2,439,946
1994	133,000	181,315	2,754,261
1995	457,000	252,805	3,464,066
1996	<u>435,000</u>	<u>319,086</u>	<u>4,218,152</u>
Total Portuguese Bend	<u>2,920,552</u>	<u>1,297,600</u>	<u>4,218,152</u>
<u>Abalone Cove</u>			
1990	200,332	- 0 -	200,332
1991	499,025	38,209	737,566
1992	- 0 -	49,774	787,340
1992 repayment	<u>- 699,357</u>	<u>- 87,983</u>	<u>- 0 -</u>
Total Abalone Cove	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
 Agency Totals	 <u>2,485,552</u>	 <u>978,514</u>	 <u>3,464,066</u>

D. The City is willing to loan the Agency an additional \$100,000 to its Portuguese Bend Fund for the purpose of performing necessary activities of the Agency in Portuguese Bend for FY 1996-97.

E. Each Party agrees to consolidate all prior transactions within this Loan Agreement.

## ARTICLE I DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.03. Loan Agreement. "Loan Agreement" means this loan agreement entered into May 2, 1995 between the City and Agency.

Section 1.04. Party. "Party" means any party to this Agreement.

Section 1.05. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.06. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.07. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

## ARTICLE II LOAN

Section 2.01. Loan. The City shall loan to the Agency the sum of One Hundred Thousand Dollars (\$100,000) for fiscal year 1996-97. This amount is in addition to the unpaid principal and accrued interest balance of \$4,218,152 which was previously advanced by the City to the Agency through June 30, 1996. Both the \$100,000 and the unpaid balance of \$4,218,152 as of June 30, 1996 shall constitute the balance owed under the Loan Agreement.

Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are

transferred, and continuing until principal and interest are paid in full.

Section 2.03. Terms of Repayment. Agency shall repay the loan from any legally available monies of the Agency. The loan will mature concurrently with the close of the City's 1996-97 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan may be subordinated to any bonds, notes, or other obligations of the Agency to the extent that the City agrees.

Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Loan Agreement. All previous loan agreements between the City and Agency are superseded by this Agreement.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

By Marilyn Lyon  
Mayor

ATTEST:

J. Russell  
City Clerk

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

By Marilyn Lyon  
Agency Chairperson

ATTEST:

J. Russell  
Agency Secretary

## LOAN AGREEMENT

This loan agreement, dated as of June 30, 1997 is made by and between the City of Rancho Palos Verdes (the "City") and the Rancho Palos Verdes Redevelopment Agency (the "Agency"). For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

### R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area and to relocate, reconstruct, and repair Palos Verdes Drive South.

C. Prior to execution of this Loan Agreement, the City previously advanced the Agency \$3,020,552, plus accumulated interest for a total outstanding balance of \$4,684,855. The history of the loans made by the City to the two funds of the Agency are as follows:

As of June 30 for the years:	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total Balance Outstanding</u>
<u>Portuguese Bend</u>			
1990	1,279,152	- 0 -	1,279,152
1991	318,400	148,229	1,745,781
1992	165,000	180,901	2,091,682
1993	133,000	215,264	2,439,946
1994	133,000	181,315	2,754,261
1995	457,000	252,805	3,464,066
1996	435,000	319,086	4,218,152
1997 (Prior to this Agreement)	<u>100,000</u>	<u>366,703</u>	<u>4,684,855</u>
 Total Portuguese Bend	 <u>3,020,552</u>	 <u>1,664,303</u>	 <u>4,684,855</u>

D. The City will loan the Agency an additional \$150,000 to the Portuguese Bend fund of the Agency on June 30, 1997 for the purpose of financing the dewatering well project appropriated by Resolution No. RDA 97-07 as adopted on May 6, 1997. The project was begun in FY 1996-97 and was rebudgeted to FY 1997-98.

E. The City will loan the Agency an additional \$200,000 to the Portuguese Bend fund of the Agency on or sometime after July 1, 1997 for the purpose of financing project activities included in the FY 1997-98 budget. Therefore, the total additional amount the City will loan the Agency is \$350,000 at the time of this Loan Agreement.

F. Each Party agrees to consolidate all prior transactions within this Loan Agreement.

## ARTICLE I DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.03. Loan Agreement. "Loan Agreement" means this loan agreement entered into June 30, 1997 between the City and Agency.

Section 1.04. Party. "Party" means any party to this Agreement.

Section 1.05. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.06. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.07. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

## ARTICLE II LOAN

Section 2.01. Loan. The City shall loan to the Agency the additional sum of Three Hundred and Fifty Thousand Dollars (\$350,000). This amount is in addition to the unpaid principal and accrued interest balance of \$4,684,855 advanced by the City to the Agency prior to this Loan Agreement. Both the \$350,000 and the unpaid balance of \$4,684,855 shall constitute the balance owed under the Loan Agreement.

Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full.

Section 2.03. Terms of Repayment. Agency shall repay the loan from any legally available monies of the Agency. The loan will mature concurrently with the close of the City's 1997-98 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan may be subordinated to any bonds, notes, or other obligations of the Agency to the extent that the City agrees.

Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Loan Agreement. All previous loan agreements between the City and Agency are superseded by this Loan Agreement.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

By John C. Mac Jaggard  
Mayor

ATTEST:

J Russell  
City Clerk

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

By John C. Mac Jaggard  
Agency Chairperson

ATTEST:

J Russell  
Agency Secretary

RESOLUTION NO. 97-104

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO PALOS VERDES AUTHORIZING AN AMENDMENT TO A LOAN AGREEMENT WITH THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY IN CONNECTION WITH THE AGENCY'S PROJECT AREA NO. 1

THE CITY COUNCIL OF THE CITY OF RANCHO PALOS VERDES HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The City of Rancho Palos Verdes and the Rancho Palos Verdes Redevelopment Agency entered into a Loan Agreement, dated as of June 30, 1997, pursuant to which Loan Agreement the City loaned moneys to the Agency's Portuguese Bend fund and all previous loans by the City to such fund were consolidated and incorporated into such Loan Agreement.

Section 2. Section 2.03 of such Loan Agreement provides that the obligation of the Agency to repay the loan may be subordinated to any bonds, notes, or other obligations of the Agency to the extent the City agrees.

Section 3. The Agency and City desire that the obligation of the Agency to repay such loan be subordinate to the payment of the RDA Bond and the unpaid interest on the Bond as of the Settlement Date, all in accordance with the MOU, as such terms are defined in the amended Loan Agreement, attached hereto as Exhibit "A".

Section 4. The amended Loan Agreement attached hereto as Exhibit "A" is hereby approved and the Mayor is hereby authorized and directed, for and in the name and on behalf of the City, to execute the amended Loan Agreement and to deliver it to the Rancho Palos Verdes Redevelopment Agency in substantially the form hereby approved, with such changes therein as the Mayor may approve, such approval to be conclusively evidenced by his execution and delivery thereof.

Section 5. The members of the City and its officers, employees and counsel are hereby authorized to do all acts and things which may be required by them by this Resolution. All such acts and things heretofore done are hereby approved, ratified and confirmed.

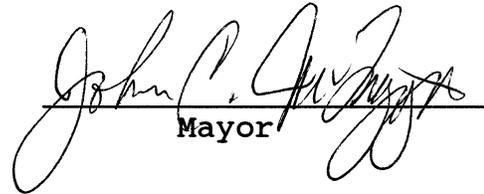
PASSED, APPROVED AND ADOPTED this 18th day of November, 1997.

AYES: FERRARO, BYRD, HOLLINGSWORTH, LYON AND MAYOR McTAGGART

NOES: NONE

ABSENT: NONE

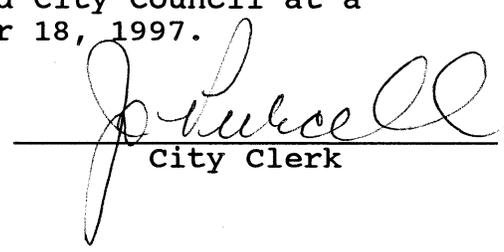
ABSTAIN: NONE

  
\_\_\_\_\_  
Mayor

ATTEST:  
  
\_\_\_\_\_  
City Clerk

State of California )  
County of Los Angeles )SS  
City of Rancho Palos Verdes )

I, JO PURCELL, City Clerk of the City of Rancho Palos Verdes hereby certify that the above Resolution No. 97-104 was duly and regularly passed and adopted by the said City Council at a regular meeting thereof held on November 18, 1997.

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

## Exhibit "A"

## AMENDED LOAN AGREEMENT

This loan agreement, dated as of June 30, 1997 is made by and between the City of Rancho Palos Verdes (the "City") and the Rancho Palos Verdes Redevelopment Agency (the "Agency"). For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows.

## R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area and to relocate, reconstruct, and repair Palos Verdes Drive South.

C. Prior to execution of this Loan Agreement, the City previously advanced the Agency \$3,020,552, plus accumulated interest for a total outstanding balance of \$4,684,855. The history of the loans made by the City to the two funds of the Agency are as follows:

As of June 30 for the years: <u>Portuguese Bend</u>	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total Balance Outstanding</u>
1990	\$1,279,152	\$ - 0 -	\$1,279,152
1991	318,400	148,229	1,745,781
1992	165,000	180,901	2,091,682
1993	133,000	215,264	2,439,946
1994	133,000	181,315	2,754,261
1995	457,000	252,805	3,464,066
1996	435,000	319,086	4,218,152
1997 (Prior to this Agreement)	100,000	366,703	4,684,855
<b>Total Portuguese Bend</b>	<b><u>3,370,552</u></b>	<b><u>1,664,303</u></b>	<b><u>4,684,855</u></b>

D. The City will loan the Agency an additional \$150,000 to the Portuguese Bend fund of the Agency on June 30, 1997 for the purpose of financing the dewatering well project appropriated by Resolution No. RDA 97-07 as adopted on May 6, 1997. The project was begun in FY 1996-97 and was rebudgeted to FY 1997-98.

E. The City will loan the Agency an additional \$200,000 to the Portuguese Bend fund of the Agency on or sometime after July 1, 1997 for the purpose of financing project activities included in the FY 1997-98 budget. Therefore, the total additional amount the City will loan the Agency is \$350,000 at the time of this Loan Agreement.

F. Each Party agrees to consolidate all prior transactions within this Loan Agreement.

#### ARTICLE I DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. Bond. "Bond" means the CI 2651-M, 1915 Act Limited Obligation Improvement Bonds (Abalone Cove) issued by the County in the principal amount of \$10,000,000.

Section 1.03. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.04. County. "County" means the County of Los Angeles, California.

Section 1.05. Fiscal Year. "Fiscal Year" means the fiscal year beginning on July 1st and ending on the next following June 30th.

Section 1.06. Housing Fund. "Housing Fund" means the Project Area Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Redevelopment Law and held by the Agency.

Section 1.07. Loan Agreement. "Loan Agreement" means this loan agreement entered into as of November 30, 1997 between the City and Agency.

Section 1.08. MOU. "MOU" means the Memorandum of Understanding dated as of November 1, 1997, among the County, the City and the Agency.

Section 1.09. Net Tax Increment. "Net Tax Increment" means, for each Fiscal Year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area (excluding (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code; (b) amounts payable to the Consolidated Fire Protection District of Los Angeles County pursuant to Section 8B of that certain Reimbursement and Settlement Agreement dated October 13, 1987 among the County, the Agency and the City; and (c) amounts deposited by the Agency in the Housing Fund pursuant to Section 33334.2 of the Redevelopment Law, as provided in the Redevelopment Plan.

Section 1.10. Party. "Party" means any party to this Agreement.

Section 1.11. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.12. RDA Bond. "RDA Bond" means the tax allocation Bond of the Agency in the principal amount of \$5,455,000 to be issued by the Agency for the corporate purposes of the Agency to aid in the financing and refinancing of redevelopment activities of the Agency.

Section 1.13. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.14. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

Section 1.15. Settlement Date. "Settlement Date" means December 2, 1997.

## ARTICLE II LOAN

Section 2.01. Loan. The City shall loan to the Agency the additional sum of Three Hundred and Fifty Thousand Dollars (\$350,000). This amount is in addition to the unpaid principal and accrued interest balance of \$4,684,855 advanced by the City to the Agency prior to this Loan Agreement. Both the \$350,000 and the unpaid balance of \$4,684,855 shall constitute the balance owed under the Loan Agreement.

Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded

annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full.

Section 2.03. Terms of Repayment. Agency shall repay the loan from Net Tax Increment and any other legally available monies of the Agency. The loan will mature concurrently with the close of the City's 1997-98 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan is subordinate to the payment of the RDA Bond and the unpaid interest on the Bond as of the Settlement Date, all in accordance with the MOU. In addition, the obligation of the Agency to repay this loan may be subordinated to any other bonds, notes or other obligations of the Agency to the extent that the City agrees.

Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency's Portuguese Bend fund by the City are now consolidated and incorporated within this Loan Agreement. All previous loan agreements between the City and Agency are superseded by this Loan Agreement.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

By \_\_\_\_\_  
Mayor

Attest:

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

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

By \_\_\_\_\_  
Chairman

Attest:

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

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO PALOS VERDES AUTHORIZING A LOAN AGREEMENT WITH THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY IN CONNECTION WITH THE AGENCY'S PROJECT AREA NO. 1

THE CITY COUNCIL OF THE CITY OF RANCHO PALOS VERDES HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The Loan Agreement attached hereto as Exhibit "A" is hereby approved and the Mayor is hereby authorized and directed, for and in the name and on behalf of the City, to execute the Loan Agreement and to deliver it to the Rancho Palos Verdes Redevelopment Agency in substantially the form hereby approved, with such changes therein as the Mayor may approve, such approval to be conclusively evidenced by his execution and delivery thereof.

Section 2. The members of the City and its officers, employees and counsel are hereby authorized to do all acts and things which may be required of them by this Resolution. All such acts and things heretofore done are hereby approved, ratified and confirmed.

PASSED, APPROVED AND ADOPTED this 18th day of November, 1997.

- AYES: FERRARO, BYRD, HOLLINGSWORTH, LYON AND MAYOR McTAGGART
- NOES: NONE
- ABSENT: NONE
- ABSTAIN: NONE

  
 \_\_\_\_\_  
 Mayor

ATTEST:  
  
 \_\_\_\_\_  
 City Clerk

State of California )  
 County of Los Angeles )SS  
 City of Rancho Palos Verdes )

I, JO PURCELL, City Clerk of the City of Rancho Palos Verdes hereby certify that the above Resolution No. 97-103 was duly and regularly passed and adopted by the said City Council at a regular meeting thereof held on November 18, 1997.

  
 \_\_\_\_\_  
 CITY CLERK

LOAN AGREEMENT (ABALONE COVE FUND)

This loan agreement, dated as of November 30, 1997 is made by and between the City of Rancho Palos Verdes (the "City") and the Rancho Palos Verdes Redevelopment Agency (the "Agency"). For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows.

R E C I T A L S

This Loan Agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area and to relocate, reconstruct, and repair Palos Verdes Drive South.

C. The City will loan the Agency \$1,545,000 to the Abalone Cove Fund of the Agency on November 30, 1997 to aid in the financing and refinancing of redevelopment activities of the Agency.

ARTICLE I  
DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. Bond. "Bond" means the CI 2651-M, 1915 Act Limited Obligation Improvement Bonds (Abalone Cove) issued by the County in the principal amount of \$10,000,000.

Section 1.03. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.04. County. "County" means the County of Los Angeles, California.

Section 1.05. Fiscal Year. "Fiscal Year" means the fiscal year beginning on July 1st and ending on the next following June 30th.

Section 1.06. Housing Fund. "Housing Fund" means the Project Area Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Redevelopment Law and held by the Agency.

Section 1.07. Loan Agreement). "Loan Agreement" means this Loan Agreement (Abalone Cove Fund) entered into as of November 30, 1997 between the City and Agency.

Section 1.08. MOU. "MOU" means the Memorandum of Understanding dated as of November 1, 1997, among the County, the City and the Agency.

Section 1.09. Net Tax Increment. "Net Tax Increment" means, for each Fiscal Year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area (excluding (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code; (b) amounts payable to the Consolidated Fire Protection District of Los Angeles County pursuant to Section 8B of that certain Reimbursement and Settlement Agreement dated October 13, 1987 among the County, the Agency and the City; and (c) amounts deposited by the Agency in the Housing Fund pursuant to Section 33334.2 of the Redevelopment Law, as provided in the Redevelopment Plan.

Section 1.10. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.11. RDA Bond. "RDA Bond" means the tax allocation Bond of the Agency in the principal amount of \$5,455,000 to be issued by the Agency for the corporate purposes of the Agency to aid in the financing and refinancing of redevelopment activities of the Agency.

Section 1.12. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.13. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

Section 1.14. Settlement Date. "Settlement Date" means December 2, 1997.

ARTICLE 11  
LOAN

Section 2.01. Loan. The City shall loan to the Agency the sum of One Million, Five Hundred Forty Five Thousand Dollars (\$1,545,000).

Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such loan, shall draw interest, compounded annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full.

Section 2.03. Terms of Repayment. Agency shall repay the loan from Net Tax Increment and any other legally available monies of the Agency. The loan will mature concurrently with the close of the City's 1997-98 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan is subordinate to the payment of the RDA Bond and the unpaid interest on the Bond as of the Settlement Date, all in accordance with the MOU. In addition, the obligation of the Agency to repay this loan may be subordinated to any other bonds, notes or other obligations of the Agency to the extent that the City agrees.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

ATTEST:

By \_\_\_\_\_  
Mayor

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

RANCHO PALOS VERDES REDEVELOPMENT AGENCY

ATTEST:

By \_\_\_\_\_  
Chairman

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

## LOAN AGREEMENT

This loan agreement, dated as of June 30, 1998 is made by and between the City of Rancho Palos Verdes (the "City") and the Rancho Palos Verdes Redevelopment Agency (the "Agency"). For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

### R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area.

C. Prior to execution of this Loan Agreement, the City previously advanced the Agency's Portuguese Bend fund \$3,370,552, plus accumulated interest for a total outstanding balance of \$5,458,536 as of June 30, 1998. The history of the loans made by the City to the Portuguese Bend fund of the Agency is as follows:

As of June 30 for the years:	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total Balance Outstanding</u>
<u>Portuguese Bend</u>			
1990	1,279,152	- 0 -	1,279,152
1991	318,400	148,229	1,745,781
1992	165,000	180,901	2,091,682
1993	133,000	215,264	2,439,946
1994	133,000	181,315	2,754,261
1995	457,000	252,805	3,464,066
1996	435,000	319,086	4,218,152
1997	250,000	366,703	4,834,855
1998	<u>200,000</u>	<u>423,681</u>	5,458,536
 Total Portuguese Bend	 <u>3,370,552</u>	 <u>2,087,984</u>	

D. The City expects to loan the Agency an additional \$700,000 to the Portuguese Bend fund of the Agency on or sometime after July 1, 1998, for the purpose of financing project activities included in the FY 1998-99 budget.

E. Prior to execution of this Loan Agreement, the City previously advanced the Agency's Abalone Cove fund \$1,545,000 plus accumulated interest for a total outstanding balance of \$1,622,510 as of June 30, 1998. The history of the loans made by the City to the Abalone Cove fund of the Agency is as follows:

As of June 30 for the years: <u>Abalone Cove</u>	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total Balance Outstanding</u>
1998	\$1,545,000	77,510	1,622,510

F. The City does not expect to make any loan advances to the Abalone Cove fund of the Agency during FY 1998-99.

## ARTICLE I DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. Abalone Cove fund. "Abalone Cove fund" means the accounting entity used to account for the activities of Abalone Cove projects of the Rancho Palos Verdes Redevelopment Agency.

Section 1.03. Portuguese Bend fund. "Portuguese Bend fund" means the accounting entity used to account for the activities of Portuguese Bend projects of the Rancho Palos Verdes Redevelopment Agency.

Section 1.04. Bond. "Bond" means the CI 2651-M, 1915 Act Limited Obligation Improvement Bonds (Abalone Cove) issued by the County in the principal amount of \$10,000,000 and repaid upon restructuring of the Bond on November 1, 1998, including the issuance of the RDA Bond as described in Section 1.12 of this Loan Agreement.

Section 1.05. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.06. County. "County" means the County of Los Angeles, California.

Section 1.07. Fiscal Year. "Fiscal Year" means the fiscal year beginning on July 1st and ending on the next following June 30th.

Section 1.08. Housing Fund. "Housing Fund" means the Project Area Low and Moderate Income Housing Fund established pursuant to section 33334.3 of the Redevelopment Law and held by the Agency.

Section 1.09. Loan Agreement. "Loan Agreement" means this loan agreement entered into June 30, 1998 between the City and Agency.

Section 1.010. MOU. "MOU" means the Memorandum of Understanding dated as of November 1, 1997, among the County, the City and the Agency.

Section 1.11. Net Tax Increment. "Net Tax Increment" means, for each Fiscal Year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area (excluding (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code; (b) amounts payable to the Consolidated Fire Protection District of Los Angeles County pursuant to Section 8B of that certain Reimbursement and Settlement Agreement dated October 13, 1987 among the County, the Agency and the City; and (c) amounts deposited by the Agency in the Housing Fund pursuant to Section 33334.2 of the Redevelopment Law, as provided in the Redevelopment Plan.

Section 1.12. Party. "Party" means any party to this Agreement.

Section 1.13. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.14. RDA Bond. "RDA Bond" means the tax allocation Bond of the Agency in the principal amount of \$5,455,000 to be issued by the Agency for the corporate purposes of the Agency to aid in the financing and refinancing of redevelopment activities of the Agency.

Section 1.15. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.16. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

## ARTICLE II LOAN

Section 2.01. Loan. The City shall loan an additional sum of \$700,000 to the Portuguese Bend fund of the Agency on, or sometime after, July 1, 1998. This amount is in addition to the total unpaid principal and accrued interest balance of \$5,458,536

advanced by the City to the Agency's Portuguese Bend fund. This amount is in addition to the total unpaid principal and accrued interest balance of \$1,622,510 advanced to the Abalone Cove fund of the Agency and still outstanding as of June 30, 1998. The additional sum of \$700,000, or any portion advanced thereof, and the total unpaid balance of \$7,081,046 shall constitute the balance owed under the Loan Agreement.

Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full.

Section 2.03. Terms of Repayment. Agency shall repay the loan from Net Tax Increment and any other legally available monies of the Agency. The loan will mature concurrently with the close of the City's 1998-99 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan is subordinate to the payment of the RDA Bond and the unpaid interest on the Bond as of the Settlement Date, all in accordance with the MOU. In addition, the obligation of the Agency to repay this loan may be subordinated to any other bonds, notes or other obligations of the Agency to the extent that the City agrees.

Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Loan Agreement. All previous loan agreements between the City and Agency are superseded by this Loan Agreement.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

ATTEST:

By Barbara J. Ferraro  
Mayor

Jo Russell  
City Clerk

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

ATTEST:

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

loandoc.99

By   
Agency Chairperson

## LOAN AGREEMENT

This loan agreement, dated as of July 1, 1999 is made by and between the City of Rancho Palos Verdes (the "City") and the Rancho Palos Verdes Redevelopment Agency (the "Agency"). For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

### RECITALS

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area.

C. Prior to execution of this Loan Agreement, the City previously advanced the Agency's Portuguese Bend fund \$4,070,552, plus accumulated interest for a total outstanding balance of \$6,623,759 as of June 30, 1999. The history of the loans made by the City to the Portuguese Bend fund of the Agency is as follows:

Portuguese Bend:

<u>As of June 30 for the years:</u>	<u>Principal</u>	<u>Interest</u>	<u>Accrued Total Outstanding</u>
1990	1,279,152	0	1,279,152
1991	318,400	148,229	1,745,781
1992	165,000	180,901	2,091,682
1993	133,000	215,264	2,439,946
1994	133,000	181,315	2,754,261
1995	457,000	252,805	3,464,066
1996	435,000	319,086	4,218,152
1997	250,000	366,703	4,834,855
1998	200,000	423,681	5,458,536
1999	<u>700,000</u>	<u>465,223</u>	6,623,759
 Total Portuguese Bend	 <u><u>4,070,552</u></u>	 <u><u>2,553,207</u></u>	

D. The City does not expect to make any loan advances to the Portuguese Bend fund of the Agency during FY 1999-2000.

E. Prior to execution of this Loan Agreement, the City previously advanced the Agency's Abalone Cove fund \$1,545,000 plus accumulated interest for a total outstanding balance of \$1,758,105 as of June 30, 1999. The history of the loans made by the City to the Abalone Cove fund of the Agency is as follows:

Abalone Cove:

<u>As of June 30 for the years:</u>	<u>Principal</u>	<u>Interest</u>	<u>Accrued Total Outstanding</u>
1998	1,545,000	77,510	1,622,510
1999	<u>0</u>	<u>135,595</u>	1,758,105
Total Abalone Cove	<u>1,545,000</u>	<u>213,105</u>	

F. The City does not expect to make any loan advances to the Abalone Cove fund of the Agency during FY 1999-00.

#### ARTICLE I DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. Abalone Cove fund. "Abalone Cove fund" means the accounting entity used to account for the activities of Abalone Cove projects of the Rancho Palos Verdes Redevelopment Agency.

Section 1.03. Portuguese Bend fund. "Portuguese Bend fund" means the accounting entity used to account for the activities of Portuguese Bend projects of the Rancho Palos Verdes Redevelopment Agency.

Section 1.04. Bond. "Bond" means the CI 2651-M, 1915 Act Limited Obligation Improvement Bonds (Abalone Cove) issued by the County in the principal amount of \$10,000,000 and repaid upon restructuring of the Bond on November 1, 1998, including the issuance of the RDA Bond as described in Section 1.14 of this Loan Agreement.

Section 1.05. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.06. County: "County" means the County of Los Angeles, California.

Section 1.07. Fiscal Year. "Fiscal Year" means the fiscal year beginning on July 1st and ending on the next following June 30th.

Section 1.08. Housing Fund. "Housing Fund" means the Project Area Low and Moderate Income Housing Fund established pursuant to section 33334.3 of the Redevelopment Law and held by the Agency.

Section 1.09. Loan Agreement. "Loan Agreement" means this loan agreement entered into July 1, 1999 between the City and Agency.

Section 1.010. MOU. "MOU" means the Memorandum of Understanding dated as of November 1, 1997, among the County, the City and the Agency.

Section 1.11. Net Tax Increment. "Net Tax Increment" means, for each Fiscal Year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area (excluding (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code; (b) amounts payable to the Consolidated Fire Protection District of Los Angeles County pursuant to Section 8B of that certain Reimbursement and Settlement Agreement dated October 13, 1987 among the County, the Agency and the City; and (c) amounts deposited by the Agency in the Housing Fund pursuant to Section 33334.2 of the Redevelopment Law, as provided in the Redevelopment Plan.

Section 1.12. Party. "Party" means any party to this Agreement.

Section 1.13. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.14. RDA Bond. "RDA Bond" means the tax allocation Bond of the Agency in the principal amount of \$5,455,000 to be issued by the Agency for the corporate purposes of the Agency to aid in the financing and refinancing of redevelopment activities of the Agency.

Section 1.15. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.16. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

## ARTICLE II LOAN

Section 2.01. Loan. The unpaid principal and accrued interest balance advanced by the City to the Agency's Portuguese Bend fund totals \$6,623,759 at June 30, 1999. This amount is in addition to the total unpaid principal and accrued interest balance of \$1,758,105 advanced to the Abalone Cove fund of the Agency and still outstanding as of June 30, 1999. The total unpaid balance of \$8,381,864 shall constitute the balance owed under the Loan Agreement.

Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full.

Section 2.03. Terms of Repayment. Agency shall repay the loan from Net Tax Increment and any other legally available monies of the Agency. The loan will mature concurrently with the close of the City's 1999-00 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan is subordinate to the payment of the RDA Bond and the unpaid interest on the Bond as of the Settlement Date, all in accordance with the MOU. In addition, the obligation of the Agency to repay this loan may be subordinated to any other bonds, notes or other obligations of the Agency to the extent that the City agrees.

Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Loan Agreement. All previous loan agreements between the City and Agency are superseded by this Loan Agreement.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

ATTEST:

By Lee Byrd  
Mayor

Jo Russell  
City Clerk

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

ATTEST:

By Lee Byrd  
Agency Chairman

Jo Russell  
Agency Secretary

**AMENDMENT TO LOAN AGREEMENT**

The loan agreement, dated July 1, 1999, between the City of Rancho Palos Verdes (the "City") and the Rancho Palos Verdes Redevelopment Agency (the "Agency") is hereby amended. For and in consideration of the mutual covenants and promises set forth in the loan document of July 1, 1999, the parties agree to amend the agreement as follows:

As of August 3, 1999, the City Council further authorizes an additional loan advance of \$250,000 to the Portuguese Bend fund of the Agency during FY 1999-2000. After issuance of this additional loan advance, the total principal balance due from the Portuguese Bend fund will be \$4,320,552 at June 30, 2000. Interest will be accrued on the additional advance in accordance with Section 2.02 of the agreement dated July 1, 1999.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS AMENDMENT TO THE LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

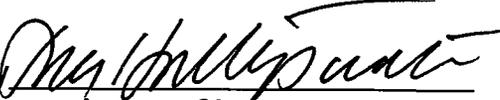
ATTEST:

By   
Mayor

  
City Clerk

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

ATTEST:

By   
Agency Chairman

  
Agency Secretary

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## LOAN AGREEMENT

This loan agreement, dated as of July 1, 2000 is made by and between the City of Rancho Palos Verdes (the "City") and the Rancho Palos Verdes Redevelopment Agency (the "Agency"). For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

### R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area.

C. Prior to execution of this Loan Agreement, the City previously advanced the Agency's Portuguese Bend fund \$4,320,552, plus accumulated interest for a total outstanding balance of \$7,453,190 as of June 30, 2000. The history of the loans made by the City to the Portuguese Bend fund of the Agency is as follows:

D. The City does not expect to make any loan advances to the Portuguese Bend fund of the Agency during FY 2000-01.

Portuguese Bend:

<u>As of June 30 for the years:</u>	<u>Principal</u>	<u>Interest</u>	<u>Accrued Total Outstanding</u>
1990	\$ 1,279,152	\$ 0	\$ 1,279,152
1991	318,400	148,229	1,745,781
1992	165,000	180,901	2,091,682
1993	133,000	215,264	2,439,946
1994	133,000	181,315	2,754,261
1995	457,000	252,805	3,464,066
1996	435,000	319,086	4,218,152
1997	250,000	366,703	4,834,855
1998	200,000	423,681	5,458,536
1999	700,000	465,223	6,623,759
2000	<u>250,000</u>	<u>579,431</u>	7,453,190
<b>Total Portuguese Bend</b>	<b><u>\$ 4,320,552</u></b>	<b><u>\$ 3,132,638</u></b>	

E. Prior to execution of this Loan Agreement, the City previously advanced the Agency's Abalone Cove fund \$1,545,000 plus accumulated interest for a total outstanding balance of \$1,910,462 as of June 30, 2000. The history of the loans made by the City to the Abalone Cove fund of the Agency is as follows:

Abalone Cove:

<u>As of June 30 for the years:</u>	<u>Principal</u>	<u>Interest</u>	<u>Accrued Total Outstanding</u>
1998	\$ 1,545,000	\$ 77,510	\$ 1,622,510
1999	0	135,595	1,758,105
2000	<u>0</u>	<u>152,357</u>	1,910,462
Total Abalone Cove	<u>\$ 1,545,000</u>	<u>\$ 365,462</u>	

F. The City does not expect to make any loan advances to the Abalone Cove fund of the Agency during FY 2000-01.

## ARTICLE I DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. Abalone Cove fund. "Abalone Cove fund" means the accounting entity used to account for the activities of Abalone Cove projects of the Rancho Palos Verdes Redevelopment Agency.

Section 1.03. Portuguese Bend fund. "Portuguese Bend fund" means the accounting entity used to account for the activities of Portuguese Bend projects of the Rancho Palos Verdes Redevelopment Agency.

Section 1.04. Bond. "Bond" means the CI 2651-M, 1915 Act Limited Obligation Improvement Bonds (Abalone Cove) issued by the County in the principal amount of \$10,000,000 and repaid upon restructuring of the Bond on November 1, 1997, including the issuance of the RDA Bond as described in Section 1.14 of this Loan Agreement.

Section 1.05. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.06. County. "County" means the County of Los Angeles, California.

Section 1.07. Fiscal Year. "Fiscal Year" means the fiscal year beginning on July 1st and ending on the next following June 30th.

Section 1.08. Housing Fund. "Housing Fund" means the Project Area Low and Moderate Income Housing Fund established pursuant to section 33334.3 of the Redevelopment Law and held by the Agency.

Section 1.09. Loan Agreement. "Loan Agreement" means this loan agreement entered into July 1, 2000 between the City and Agency.

Section 1.010. MOU. "MOU" means the Memorandum of Understanding, dated November 1, 1997, between the County, the City and the Agency.

Section 1.11. Net Tax Increment. "Net Tax Increment" means, for each Fiscal Year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area (excluding (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code; (b) amounts payable to the Consolidated Fire Protection District of Los Angeles County pursuant to Section 8B of that certain Reimbursement and Settlement Agreement dated October 13, 1987 among the County, the Agency and the City; and (c) amounts deposited by the Agency in the Housing Fund pursuant to Section 33334.2 of the Redevelopment Law, as provided in the Redevelopment Plan.

Section 1.12. Party. "Party" means any party to this Agreement.

Section 1.13. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.14. RDA Bond. "RDA Bond" means the tax allocation Bond of the Agency in the principal amount of \$5,455,000 issued by the Agency for the corporate purposes of the Agency to aid in the financing and refinancing of redevelopment activities of the Agency.

Section 1.15. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.16. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

## ARTICLE II LOAN

Section 2.01. Loan. The unpaid principal and accrued interest balance advanced by the City to the Agency's Portuguese Bend fund totals \$7,453,190 at June 30, 2000. This amount is in addition to the total unpaid principal and accrued interest balance of \$1,910,462 advanced to the Abalone Cove fund of the Agency and still outstanding as of June 30, 2000. The total unpaid balance of \$9,363,652 shall constitute the balance owed under the Loan Agreement.

Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full.

Section 2.03. Terms of Repayment. Agency shall repay the loan from Net Tax Increment and any other legally available monies of the Agency. The loan will mature concurrently with the close of the City's 2000-01 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan is subordinate to the payment of the RDA Bond and the unpaid interest on the Bond as of the Settlement Date, all in accordance with the MOU. In addition, the obligation of the Agency to repay this loan may be subordinated to any other bonds, notes or other obligations of the Agency to the extent that the City agrees.

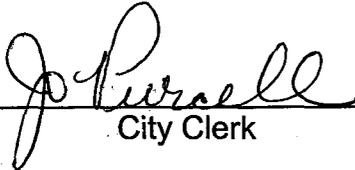
Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Loan Agreement. All previous loan agreements between the City and Agency are superseded by this Loan Agreement.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

By   
Mayor

ATTEST:

  
City Clerk

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

By   
Agency Chairman

ATTEST:

  
Agency Secretary

## LOAN AGREEMENT

This loan agreement, dated as of July 1, 2001 is made by and between the City of Rancho Palos Verdes (the "City") and the Rancho Palos Verdes Redevelopment Agency (the "Agency"). For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

### R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area.

C. Prior to execution of this Loan Agreement, the City previously advanced the Agency's Portuguese Bend fund \$4,320,552, plus accumulated interest for a total outstanding balance of \$8,165,704 as of June 30, 2001. The history of the loans made by the City to the Portuguese Bend fund of the Agency is as follows:

D. The City does not expect to make any loan advances to the Portuguese Bend fund of the Agency during FY 2001-02.

Portuguese Bend:

<u>As of June 30 for the years:</u>	<u>Principal</u>	<u>Interest</u>	<u>Accrued Total Outstanding</u>
1990	\$ 1,279,152	\$ 0	\$ 1,279,152
1991	318,400	148,229	1,745,781
1992	165,000	180,901	2,091,682
1993	133,000	215,264	2,439,946
1994	133,000	181,315	2,754,261
1995	457,000	252,805	3,464,066
1996	435,000	319,086	4,218,152
1997	250,000	366,703	4,834,855
1998	200,000	423,681	5,458,536
1999	700,000	465,223	6,623,759
2000	250,000	579,431	7,453,190
2001	0	712,514	8,165,704
	<hr/>	<hr/>	
Total Portuguese Bend	<u>\$ 4,320,552</u>	<u>\$ 3,845,152</u>	

E. Prior to execution of this Loan Agreement, the City previously advanced the Agency's Abalone Cove fund \$1,545,000 plus accumulated interest for a total outstanding balance of \$2,091,956 as of June 30, 2001. The history of the loans made by the City to the Abalone Cove fund of the Agency is as follows:

Abalone Cove:

<u>As of June 30 for the years:</u>	<u>Principal</u>	<u>Interest</u>	<u>Accrued Total Outstanding</u>
1998	\$ 1,545,000	\$ 77,510	\$ 1,622,510
1999	0	135,595	1,758,105
2000	0	152,357	1,910,462
2001	0	181,494	2,091,956
Total Abalone Cove	<u>\$ 1,545,000</u>	<u>\$ 546,956</u>	

F. The City does not expect to make any loan advances to the Abalone Cove fund of the Agency during FY 2001-02.

#### ARTICLE I DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. Abalone Cove fund. "Abalone Cove fund" means the accounting entity used to account for the activities of Abalone Cove projects of the Rancho Palos Verdes Redevelopment Agency.

Section 1.03. Portuguese Bend fund. "Portuguese Bend fund" means the accounting entity used to account for the activities of Portuguese Bend projects of the Rancho Palos Verdes Redevelopment Agency.

Section 1.04. Bond. "Bond" means the CI 2651-M, 1915 Act Limited Obligation Improvement Bonds (Abalone Cove) issued by the County in the principal amount of \$10,000,000 and repaid upon restructuring of the Bond on November 1, 1997, including the issuance of the RDA Bond as described in Section 1.14 of this Loan Agreement.

Section 1.05. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.06. County. "County" means the County of Los Angeles, California.

Section 1.07. Fiscal Year. "Fiscal Year" means the fiscal year beginning on July 1st and ending on the next following June 30th.

Section 1.08. Housing Fund. "Housing Fund" means the Project Area Low and Moderate Income Housing Fund established pursuant to section 33334.3 of the Redevelopment Law and held by the Agency.

Section 1.09. Loan Agreement. "Loan Agreement" means this loan agreement entered into July 1, 2001 between the City and Agency.

Section 1.010. MOU. "MOU" means the Memorandum of Understanding, dated November 1, 1997, between the County, the City and the Agency.

Section 1.11. Net Tax Increment. "Net Tax Increment" means, for each Fiscal Year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area (excluding (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code; (b) amounts payable to the Consolidated Fire Protection District of Los Angeles County pursuant to Section 8B of that certain Reimbursement and Settlement Agreement dated October 13, 1987 among the County, the Agency and the City; and (c) amounts deposited by the Agency in the Housing Fund pursuant to Section 33334.2 of the Redevelopment Law, as provided in the Redevelopment Plan.

Section 1.12. Party. "Party" means any party to this Agreement.

Section 1.13. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.14. RDA Bond. "RDA Bond" means the tax allocation Bond of the Agency in the principal amount of \$5,455,000 issued by the Agency for the corporate purposes of the Agency to aid in the financing and refinancing of redevelopment activities of the Agency.

Section 1.15. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.16. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

## ARTICLE II LOAN

Section 2.01. Loan. The unpaid principal and accrued interest balance advanced by the City to the Agency's Portuguese Bend fund totals \$8,165,704 at June 30, 2001. This amount is in addition to the total unpaid principal and accrued interest balance of \$2,091,956 advanced to the Abalone Cove fund of the Agency and still outstanding as of June 30, 2001. The total unpaid balance of \$10,257,660 shall constitute the balance owed under the Loan Agreement.

Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full.

Section 2.03. Terms of Repayment. Agency shall repay the loan from Net Tax Increment and any other legally available monies of the Agency. The loan will mature concurrently with the close of the City's 2001-02 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan is subordinate to the payment of the RDA Bond and the unpaid interest on the Bond as of the Settlement Date, all in accordance with the MOU. In addition, the obligation of the Agency to repay this loan may be subordinated to any other bonds, notes or other obligations of the Agency to the extent that the City agrees.

Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Loan Agreement. All previous loan agreements between the City and Agency are superseded by this Loan Agreement.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

By Marilyn By  
Mayor

ATTEST:

Jo Russell  
City Clerk

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

By Marilyn By  
Agency Chairman

ATTEST:

Jo Russell  
Agency Secretary

## LOAN AGREEMENT

This loan agreement, dated as of July 1, 2002 is made by and between the City of Rancho Palos Verdes (the "City") and the Rancho Palos Verdes Redevelopment Agency (the "Agency"). For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

### R E C I T A L S

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area.

C. Prior to execution of this Loan Agreement, the City previously advanced the Agency's Portuguese Bend fund \$4,320,552, plus accumulated interest for a total outstanding balance of \$8,656,978 as of June 30, 2002. The history of the loans made by the City to the Portuguese Bend fund of the Agency is as follows:

D. The City does not expect to make any loan advances to the Portuguese Bend fund of the Agency during FY 2002-2003.

Portuguese Bend:

<u>As of June 30 for the years:</u>	<u>Principal</u>	<u>Interest</u>	<u>Accrued Total Outstanding</u>
1990	\$ 1,279,152	\$ 0	\$ 1,279,152
1991	318,400	148,229	1,745,781
1992	165,000	180,901	2,091,682
1993	133,000	215,264	2,439,946
1994	133,000	181,315	2,754,261
1995	457,000	252,805	3,464,066
1996	435,000	319,086	4,218,152
1997	250,000	366,703	4,834,855
1998	200,000	423,681	5,458,536
1999	700,000	465,223	6,623,759
2000	250,000	579,431	7,453,190
2001	0	680,774	8,133,964
2002	0	523,014	8,656,978
	<u>0</u>	<u>523,014</u>	
Total Portuguese Bend	<u>\$ 4,320,552</u>	<u>\$ 4,336,426</u>	

E. Prior to execution of this Loan Agreement, the City previously advanced the Agency's Abalone Cove fund \$1,545,000 plus accumulated interest for a total outstanding balance of \$2,219,019 as of June 30, 2002. The history of the loans made by the City to the Abalone Cove fund of the Agency is as follows:

Abalone Cove:

<u>As of June 30 for the years:</u>	<u>Principal</u>	<u>Interest</u>	<u>Accrued Total Outstanding</u>
1998	\$ 1,545,000	\$ 77,510	\$ 1,622,510
1999	0	135,595	1,758,105
2000	0	152,357	1,910,462
2001	0	174,494	2,084,956
2002	0	134,063	2,219,019
Total Abalone Cove	<u>\$ 1,545,000</u>	<u>\$ 674,019</u>	

F. Subject to authorization by the City Council, the City shall make an additional loan advance of \$12,000 to the Abalone Cove fund of the Agency during FY 2002-2003.

#### ARTICLE I DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. Abalone Cove fund. "Abalone Cove fund" means the accounting entity used to account for the activities of Abalone Cove projects of the Rancho Palos Verdes Redevelopment Agency.

Section 1.03. Portuguese Bend fund. "Portuguese Bend fund" means the accounting entity used to account for the activities of Portuguese Bend projects of the Rancho Palos Verdes Redevelopment Agency.

Section 1.04. Bond. "Bond" means the CI 2651-M, 1915 Act Limited Obligation Improvement Bonds (Abalone Cove) issued by the County in the principal amount of \$10,000,000 and repaid upon restructuring of the Bond on November 1, 1997, including the issuance of the RDA Bond as described in Section 1.14 of this Loan Agreement.

Section 1.05. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.06. County. "County" means the County of Los Angeles, California.

Section 1.07. Fiscal Year. "Fiscal Year" means the fiscal year beginning on July 1st and ending on the next following June 30th.

Section 1.08. Housing Fund. "Housing Fund" means the Project Area Low and Moderate Income Housing Fund established pursuant to section 33334.3 of the Redevelopment Law and held by the Agency.

Section 1.09. Loan Agreement. "Loan Agreement" means this loan agreement entered into July 1, 2002 between the City and Agency.

Section 1.010. MOU. "MOU" means the Memorandum of Understanding, dated November 1, 1997, between the County, the City and the Agency.

Section 1.11. Net Tax Increment. "Net Tax Increment" means, for each Fiscal Year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area (excluding (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code; (b) amounts payable to the Consolidated Fire Protection District of Los Angeles County pursuant to Section 8B of that certain Reimbursement and Settlement Agreement dated October 13, 1987 among the County, the Agency and the City; and (c) amounts deposited by the Agency in the Housing Fund pursuant to Section 33334.2 of the Redevelopment Law, as provided in the Redevelopment Plan.

Section 1.12. Party. "Party" means any party to this Agreement.

Section 1.13. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.14. RDA Bond. "RDA Bond" means the tax allocation Bond of the Agency in the principal amount of \$5,455,000 issued by the Agency for the corporate purposes of the Agency to aid in the financing and refinancing of redevelopment activities of the Agency.

Section 1.15. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.16. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

## ARTICLE II LOAN

Section 2.01. Loan. The unpaid principal and accrued interest balance advanced by the City to the Agency's Portuguese Bend fund totals \$8,656,978 at June 30, 2002. This amount is in addition to the total unpaid principal and accrued interest balance of \$2,219,019 advanced to the Abalone Cove fund of the Agency and still outstanding as

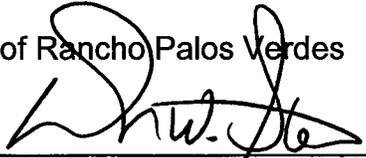
of June 30, 2002. The total unpaid balance of \$10,875,997 shall constitute the balance owed under the Loan Agreement.

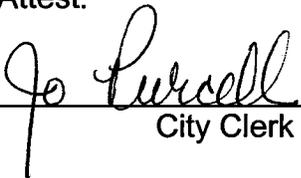
Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full.

Section 2.03. Terms of Repayment. Agency shall repay the loan from Net Tax Increment and any other legally available monies of the Agency. The loan will mature concurrently with the close of the City's 2002-2003 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan is subordinate to the payment of the RDA Bond and the unpaid interest on the Bond as of the Settlement Date, all in accordance with the MOU. In addition, the obligation of the Agency to repay this loan may be subordinated to any other bonds, notes or other obligations of the Agency to the extent that the City agrees.

Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Loan Agreement. This Loan Agreement supersedes all previous loan agreements between the City and Agency.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

City of Rancho Palos Verdes  
  
\_\_\_\_\_  
Mayor

Attest:  
  
\_\_\_\_\_  
City Clerk

Rancho Palos Verdes  
Redevelopment Agency  
  
\_\_\_\_\_  
Agency Chairman

Attest:  
  
\_\_\_\_\_  
Agency Secretary

## LOAN AGREEMENT

This loan agreement, dated as of July 1, 2003 is made by and between the City of Rancho Palos Verdes (the "City") and the Rancho Palos Verdes Redevelopment Agency (the "Agency"). For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows:

### RECITALS

This loan agreement is entered into with reference to the following facts:

A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and in this connection, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.

B. The Agency and the City have adopted the Redevelopment Plan providing for the re-development of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards in the Project Area.

C. Prior to execution of this Loan Agreement, the City previously advanced the Agency's Portuguese Bend fund \$4,320,552, plus accumulated interest of \$4,792,744 as of June 30, 2003 for a total outstanding balance of \$9,113,296. The history of the loans made by the City to the Portuguese Bend fund of the Agency is as follows:

Portuguese Bend:

<u>As of June 30 for the years:</u>	<u>Principal</u>	<u>Interest</u>	<u>Accrued Total Outstanding</u>
1990	\$ 1,279,152	\$ 0	\$ 1,279,152
1991	318,400	148,229	1,745,781
1992	165,000	180,901	2,091,682
1993	133,000	215,264	2,439,946
1994	133,000	181,315	2,754,261
1995	457,000	252,805	3,464,066
1996	435,000	319,086	4,218,152
1997	250,000	366,703	4,834,855
1998	200,000	423,681	5,458,536
1999	700,000	465,223	6,623,759
2000	250,000	579,431	7,453,190
2001	0	680,774	8,133,964
2002	0	523,014	8,656,978
2003	<u>0</u>	<u>456,318 *</u>	9,113,296
 Total Portuguese Bend	 <u>\$ 4,320,552</u>	 <u>\$ 4,792,744</u>	

\* Estimated - Interest will be recalculated when LAIF rates for May and June are released.

D. The City does not expect to make any loan advances to the Portuguese Bend fund of the Agency during FY 2003-2004.

E. Prior to execution of this Loan Agreement, the City previously advanced the Agency's Abalone Cove fund \$1,557,000, plus accumulated interest of \$790,986 as of June 30, 2003 for a total outstanding balance of \$2,347,986. The history of the loans made by the City to the Abalone Cove fund of the Agency is as follows:

Abalone Cove:

<u>As of June 30 for the years:</u>	<u>Principal</u>	<u>Interest</u>	<u>Accrued Total Outstanding</u>
1998	\$ 1,545,000	\$ 77,510	\$ 1,622,510
1999	0	135,595	1,758,105
2000	0	152,357	1,910,462
2001	0	174,494	2,084,956
2002	0	134,063	2,219,019
2003	<u>12,000</u>	<u>116,967</u> *	2,347,986
Total Abalone Cove	<u>\$ 1,557,000</u>	<u>\$ 790,986</u>	

\* Estimated - Interest will be recalculated when LAIF rates for May and June are released.

F. The City does not expect to make any loan advances to the Abalone Cove fund of the Agency during FY 2003-2004.

## ARTICLE I DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a public body, corporate, and politic, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.02. Abalone Cove fund. "Abalone Cove fund" means the accounting entity used to account for the activities of Abalone Cove projects of the Rancho Palos Verdes Redevelopment Agency.

Section 1.03. Portuguese Bend fund. "Portuguese Bend fund" means the accounting entity used to account for the activities of Portuguese Bend projects of the Rancho Palos Verdes Redevelopment Agency.

Section 1.04. Bond. "Bond" means the CI 2651-M, 1915 Act Limited Obligation Improvement Bonds (Abalone Cove) issued by the County in the principal amount of \$10,000,000 and repaid upon restructuring of the Bond on November 1, 1997, including the issuance of the RDA Bond as described in Section 1.14 of this Loan Agreement.

Section 1.05. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.06. County. "County" means the County of Los Angeles, California.

Section 1.07. Fiscal Year. "Fiscal Year" means the fiscal year beginning on July 1st and ending on the next following June 30th.

Section 1.08. Housing Fund. "Housing Fund" means the Project Area Low and Moderate Income Housing Fund established pursuant to section 33334.3 of the Redevelopment Law and held by the Agency.

Section 1.09. Loan Agreement. "Loan Agreement" means this loan agreement entered into July 1, 2003 between the City and Agency.

Section 1.010. MOU. "MOU" means the Memorandum of Understanding, dated November 1, 1997, between the County, the City and the Agency.

Section 1.11. Net Tax Increment. "Net Tax Increment" means, for each Fiscal Year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area (excluding (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code; (b) amounts payable to the Consolidated Fire Protection District of Los Angeles County pursuant to Section 8B of that certain Reimbursement and Settlement Agreement dated October 13, 1987 among the County, the Agency and the City; and (c) amounts deposited by the Agency in the Housing Fund pursuant to Section 33334.2 of the Redevelopment Law, as provided in the Redevelopment Plan.

Section 1.12. Party. "Party" means any party to this Agreement.

Section 1.13. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.14. RDA Bond. "RDA Bond" means the tax allocation Bond of the Agency in the principal amount of \$5,455,000 issued by the Agency for the corporate purposes of the Agency to aid in the financing and refinancing of redevelopment activities of the Agency.

Section 1.15. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Sections 33000, et. seq.)

Section 1.16. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area.

## ARTICLE II LOAN

Section 2.01. Loan. The unpaid principal and accrued interest balance advanced by the City to the Agency's Portuguese Bend fund totals \$9,113,296 as of June 30, 2003. This amount is in addition to the total unpaid principal and accrued interest balance of \$2,347,986 advanced to the Abalone Cove fund of the Agency and still outstanding as of June 30, 2003. The total unpaid balance of \$11,461,282 shall constitute the balance owed under the Loan Agreement.

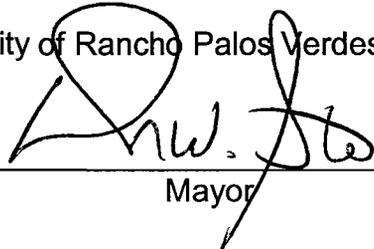
Section 2.02. Interest Payable. Interest shall be payable on the unpaid principal of such new loan and all prior loans incorporated herein, shall draw interest, compounded annually on a 360 day year, at a rate calculated as the rate earned on the City's LAIF deposits plus three percent per annum commencing on the date or dates said funds are transferred, and continuing until principal and interest are paid in full.

Section 2.03. Terms of Repayment. Agency shall repay the loan from Net Tax Increment and any other legally available monies of the Agency. The loan will mature concurrently with the close of the City's 2003-2004 fiscal year, provided, however, that the maturity date will be extended to the degree that the Agency has insufficient funds to repay the loan. To the extent that the Agency is able to repay any portion of the outstanding principal or interest and fails to do so, the City may exercise any appropriate remedy to enforce payment by the Agency hereunder. The obligation of the Agency to repay this loan is subordinate to the payment of the RDA Bond and the unpaid interest on the Bond as of the Settlement Date, all in accordance with the MOU. In addition, the obligation of the Agency to repay this loan may be subordinated to any other bonds, notes or other obligations of the Agency to the extent that the City agrees.

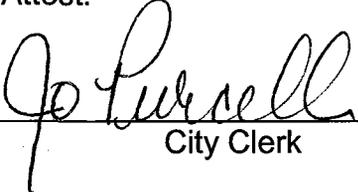
Section 2.04. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Loan Agreement. This Loan Agreement supersedes all previous loan agreements between the City and Agency.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS LOAN AGREEMENT TO BE EXECUTED.

City of Rancho Palos Verdes

  
\_\_\_\_\_  
Mayor

Attest:

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

Rancho Palos Verdes  
Redevelopment Agency

  
\_\_\_\_\_  
Agency Chairman

Attest:

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

## CONSOLIDATED LOAN AGREEMENT

This Consolidated Loan Agreement, dated as of December 1, 2003 is made by and between the City of Rancho Palos Verdes (the "City") and the Rancho Palos Verdes Redevelopment Agency (the "Agency"). For and in consideration of the mutual covenants and promises set forth herein, the parties agree as follows.

## R E C I T A L S

This Agreement is entered into with reference to the following facts:

- A. In furtherance of the objectives of the Redevelopment Law, the Agency has undertaken a program for the redevelopment of blighted areas in the City, and toward this end, has undertaken and is now carrying out the responsibility for the redevelopment of the Project Area pursuant to and in furtherance of the Redevelopment Plan.
- B. In compliance with all requirements of the Redevelopment Law, the Agency and the City Council adopted the Redevelopment Plan, which provides for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards, install a sewer system, and facilitate other improvements in the Project Area.
- C. Prior to execution of this Agreement, the City previously advanced to the Agency's Portuguese Bend Fund \$4,320,552, plus accumulated interest of \$4,962,273 as of November 30, 2003, for a total outstanding balance of \$9,282,825 as of November 30, 2003.
- D. Prior to execution of this Agreement, the City previously advanced to the Agency's Abalone Cove Fund \$1,597,355, plus accumulated interest of \$834,674 as of November 30, 2003, for a total outstanding balance of \$2,432,029 as of November 30, 2003, which outstanding balance includes the required ERAF payment for Fiscal Year 2002-03 and administrative and over-head expenses for Fiscal Year 2002-03.
- E. During Fiscal Year 2003-04, the Redevelopment Law requires redevelopment agencies to pay certain amounts to the county auditor for deposit in the ERAF for the benefit of public schools, with the payment due to the county auditor by May 10, 2004. Redevelopment agencies may be required to make similar ERAF payments in future Fiscal Years.
- F. During Fiscal Year 2003-04, if a redevelopment agency determines that is unable to make the required ERAF payment, the agency may allocate to the county auditor less than the full required ERAF payment if the agency and city enter into an agreement providing for the city to fund the difference between the amount allocated by the agency and the full amount of the required ERAF payment.

- G. The Agency has determined that it will be unable in fiscal year 2003-04 to allocate any of the required ERAF payment to the County Auditor. In addition, in the event that the Agency is required to make an ERAF payment in any subsequent Fiscal Year, it is likely that the Agency will be unable to allocate any such future ERAF payments.
- H. In carrying out the Redevelopment Plan for the Project Area, the Agency is utilizing the staff and other resources of the City. The City Manager of the City serves as Executive Director of the Agency and the staff of the planning and community development department and staff of the engineering and public works department devote substantial time in connection with redevelopment of the Project Area.
- I. By providing and making available to the Agency the staff and other resources of the City, and by providing and making available to the Agency office space, equipment, supplies, insurance, and other City services and facilities, the City has advanced and will continue to advance the cost of the foregoing to the Agency.
- J. The City and the Agency desire to enter into this Agreement to acknowledge the foregoing recitals, to provide for the City to advance funds to the County Auditor for ERAF payments, to provide for the City to advance administrative and overhead costs for redevelopment purposes and to provide for an appropriate method of repayment by the Agency for such advances together with funds previously advanced by the City for redevelopment purposes.

## ARTICLE I DEFINITIONS

Section 1.01. Agency. "Agency" means the Rancho Palos Verdes Redevelopment Agency, a body public, corporate, and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of Part 1 of Division 24 of the Health and Safety Code of the State of California, with the power under Section 33601 of the Health and Safety Code to borrow money for any of its corporate purposes.

Section 1.02. Abalone Cove Fund. "Abalone Cove Fund" means the accounting entity of the Agency used to account for the geologic abatement and related projects of the Rancho Palos Verdes Redevelopment Agency.

Section 1.03. Agreement. "Agreement" means this Consolidated Loan Agreement entered into as of December 1, 2003 between the City and Agency.

Section 1.04. Bond. "Bond" means the CI 2651-M, 1915 Act Limited Obligation Improvement Bonds (Abalone Cove) issued by the County in the principal amount of \$10,000,000 and repaid upon restructuring of the Bond on November 1, 1997, including the issuance of the RDA Bond as described in Section 1.15 of this Agreement.

Section 1.05. City. "City" means the City of Rancho Palos Verdes, a municipal corporation, organized and existing pursuant to the Constitution and laws of the State of California.

Section 1.06. County. "County" means the County of Los Angeles, California.

Section 1.07. ERAF. "ERAF" means the Educational Revenue Augmentation Fund.

Section 1.08. Fiscal Year. "Fiscal Year" means the fiscal year beginning on July 1st and ending on the next following June 30th.

Section 1.09. Housing Fund. "Housing Fund" means the Project Area Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Redevelopment Law and held by the Agency.

Section 1.10. LAIF. "LAIF" means the Local Agency Investment Fund managed by the State Treasurer pursuant to Section 16429.1 et seq. of the California Government Code.

Section 1.11. MOU. "MOU" means the Memorandum of Understanding dated as of November 1, 1997, among the County, the City and the Agency.

Section 1.12. Net Tax Increment. "Net Tax Increment" means, for each Fiscal Year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area, excluding the following amounts:

- (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code;
- (b) amounts payable to the Consolidated Fire Protection District of Los Angeles County pursuant to Section 8B of that certain Reimbursement and Settlement Agreement dated October 13, 1987 among the County, the Agency and the City; and
- (c) amounts deposited by the Agency in the Housing Fund pursuant to Section 33334.2 of the Redevelopment Law, as provided in the Redevelopment Plan.

Section 1.13. Portuguese Bend Fund. "Portuguese Bend Fund" means the accounting entity of the Agency used to account for the loan to the Portuguese Bend Club Homeowners Association in order that the Association would be able to install a privately owned sewer system and for related projects.

Section 1.14. Project Area. "Project Area" means the territory included within Project Area No. 1 of the Agency.

Section 1.15. RDA Bond. "RDA Bond" means the tax allocation Bond of the Agency in the principal amount of \$5,455,000 issued by the Agency on the Settlement Date for the corporate purposes of the Agency to aid in the financing and refinancing of redevelopment activities of the Agency.

Section 1.16. Redevelopment Law. "Redevelopment Law" means the Community Redevelopment Law (California Health and Safety Code Section 33000, et. seq.).

Section 1.17. Redevelopment Plan. "Redevelopment Plan" means the Redevelopment Plan for the Project Area, adopted by City Ordinance No. 190, together with any amendments thereof heretofore or hereafter duly enacted pursuant to the Redevelopment Law.

Section 1.18. Settlement Date. "Settlement Date" means December 2, 1997.

## ARTICLE 2 ERAF PAYMENTS

Section 2.01. Fiscal Year 2003-2004 ERAF Payment. The State Director of Finance has notified the Agency and the City Council that the Agency's required ERAF payment for fiscal year 2003-04 is \$32,878.00. Pursuant to Section 33681.10(d) of the Redevelopment Law, the Agency has determined that it will be unable in the 2003-04 Fiscal Year to allocate any of the required \$32,878.00 payment to the County Auditor. The City hereby agrees to pay the sum of \$32,878.00 to the County Auditor on or before May 10, 2004. The parties agree that such payment, together with interest thereon, will constitute a loan to the Agency by the City. Subject to the provisions of this Agreement, the Agency agrees to reimburse the City for such loan.

Section 2.02. Future ERAF Payments. To the fullest extent allowed by law, the City agrees that if the Agency is required to make an ERAF payment in any subsequent Fiscal Year and the Agency determines that the Agency is unable to make the payment in full, at the request of the Agency the City will pay, on or before the due date for such payment, to the County Auditor the difference between the required ERAF payment and the amount the Agency is able to pay. The parties agree that each such payment by the City, together with interest thereon, will constitute a loan to the Agency by the City. Subject to the provisions of this Agreement, the Agency agrees to reimburse the City for each such loan.

## ARTICLE 3 ADMINISTRATIVE AND OVERHEAD COSTS

Section 3.01. Services and Facilities. The City shall make available to the Agency its staff resources, office space, equipment, supplies, insurance and other services and facilities. The Agency shall have access to the services and facilities of the planning commission, the city engineer and the other departments and offices of the City. The

parties agree that the sum of the time charges and the fair rental value of office space, equipment, supplies, insurance and other City services and facilities used during a Fiscal Year, as determined by the City Manager in accordance with Section 3.03, below, together with interest thereon, will constitute a loan to the Agency by the City as of August 1<sup>st</sup> of each subsequent Fiscal Year. Subject to the provisions of this Agreement, the Agency agrees to reimburse the City for each such loan.

Section 3.02. Accounting. On or prior to July 1st of each year, each of the department heads shall prepare and submit to the City Manager a detailed accounting of time spent during the immediately preceding Fiscal Year by department personnel on matters for or related to the Agency, the implementation of the overall program for the redevelopment of the Project Area, and any undertaking in furtherance of the Redevelopment Plan by the City, the Agency, or any related or subordinate public entity of the foregoing. Each department head shall also prepare and submit to the City Manager a detailed accounting of the use of all office space, equipment supplies, insurance, and other City services and facilities used by department personnel in connection with time spent on the foregoing.

Section 3.03. Calculations of Time Charges and Fair Rental Value. Based upon the foregoing detailed accountings prepared and submitted by each of the department heads, the City Manager shall calculate the total of such personnel time related to redevelopment. The City Manager shall further calculate the total aggregate time spent by all City personnel during such Fiscal Year on all matters, and shall then determine the percentage of time spent on matters related to redevelopment as described above. The City Manager shall further determine the fair rental value of the office space and equipment, and the value of supplies, insurance, and other City services and facilities used during such Fiscal Year. Based upon the percentage of staff time spent on matters related to redevelopment, as calculated above, the City Manager shall determine a fair, reasonable and appropriate rental amount to charge to the Agency for the use thereof during such Fiscal Year.

#### ARTICLE 4 PRIOR LOAN

Section 4.01. Prior Loan. As set forth in Paragraphs C and D of the Recitals, prior to the execution of this Agreement, pursuant to prior agreements the City has from time to time loaned money to the Agency in the total sum of \$11,714,854, including accrued interest on the unpaid amounts through November 30, 2003 (the "Prior Loan"). The total unpaid amount of \$11,714,854 shall constitute the principal of the Prior Loan under this Agreement. The parties desire to modify the terms and conditions governing the repayment by the Agency to the City of the Prior Loan, as set forth herein, and the Agency agrees to repay the City the Prior Loan, together with interest thereon, subject to the provisions of this Agreement.

## ARTICLE 5 REPAYMENT

Section 5.01. The Prior Loan. The Prior Loan shall be repaid to the City by the Agency from Net Tax Increment and any legally available revenues of the Agency together with interest compounded on an annual basis computed at a rate calculated as the rate earned on the City's LAIF deposits, plus three percent per annum, (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid balance thereof from December 1, 2003 to the date of repayment. All unpaid, accrued interest and principal shall be due and payable by November 27, 2034, or such later date established in the Redevelopment Plan as the limit for the repayment of indebtedness. The Agency at its sole option may prepay, without premium or penalty, any amount of the principal of the Prior Loan at any time and from time to time prior to November 27, 2034, or such later date established in the Redevelopment Plan as the limit for the repayment of indebtedness. Any amount so paid shall first be credited against accrued interest and the balance shall be credited against principal.

Section 5.02. Future Advances. Moneys hereafter expended by the City pursuant to Article 2 or Article 3 hereof shall constitute a loan (each a "Loan" and collectively the "Loans") by the City to the Agency and shall be repaid to the City by the Agency from Net Tax Increment and any legally available revenues of the Agency together with interest compounded on an annual basis computed at a rate calculated as the rate earned on the City's LAIF deposits, plus three percent per annum, (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid balance thereof from the date or dates such moneys are expended (with respect to advances pursuant to Article 2) or from each August 1<sup>st</sup> (with respect to advances pursuant to Article 3) to the date of repayment. All unpaid, accrued interest and principal shall be due and payable by November 27, 2034, or such later date established in the Redevelopment Plan as the limit for the repayment of indebtedness. The Agency at its sole option may prepay, without premium or penalty, any amount of the principal of the Loans at any time and from time to time prior to November 27, 2034, or such later date established in the Redevelopment Plan as the limit for the repayment of indebtedness. Any amount so paid shall first be credited against accrued interest and the balance shall be credited against principal.

Section 5.03. Validity of Prior Loan and Loans. The validity of the Prior Loans and the Loans hereunder shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of its obligation with respect to the Redevelopment Project.

Section 5.04. Prior Loan and Loans Subordinate. The obligation of the Agency to repay the Prior Loan and the Loans is subordinate to the payment of the RDA Bond and the unpaid interest on the Bond as of the Settlement Date, all in accordance with the MOU. In addition, the obligation of the Agency to repay the Prior Loan and the Loans may be subordinated to any other bonds, notes or other obligations of the Agency to the extent that the City agrees.

Section 5.05. Previous Loans Consolidated. All previous loans made to the Agency by the City are now consolidated and incorporated within this Agreement. This Agreement supersedes all previous loan agreements between the City and Agency.

ARTICLE 6  
MISCELLANEOUS

Section 6.01. Cooperation. The City and Agency agree to take all appropriate steps, execute any documents and cooperate to establish such accounting and other procedures, all as may be necessary, convenient, or desirable under the circumstances to accomplish the purposes and intent of this Agreement.

Section 6.02. Records. Each party shall maintain books and records regarding its duties pursuant to this Agreement. Such books and records shall be available for inspection by the officers and agents of the other party at all reasonable times.

Section 6.03. Law Governing. This Agreement is made in the State of California under the Constitution and laws of the State of California, and is to be so construed.

Section 6.04. Amendments. This Agreement may be amended at any time, and from time to time, by an agreement executed by both parties to this Agreement.

Section 6.05. Non Liability of Officials and Employees. No Agency member, Council member, and no official, agent, or employee of the Agency or the City shall be personally liable to the other party, or any successor in interest, in the event of any default or breach by the Agency or the City, or for any amount which may become due to the City or Agency, or successor, or on any obligation under the terms of this Agreement.

IN WITNESS HEREOF THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED.

CITY OF RANCHO PALOS VERDES

By   
\_\_\_\_\_  
Mayor

ATTEST:

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

RANCHO PALOS VERDES  
REDEVELOPMENT AGENCY

By   
\_\_\_\_\_  
Agency Chairperson

ATTEST:

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

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## AGENDA ITEM

**TO: HONORABLE CHAIRMAN AND MEMBERS OF THE BOARD**

**FROM: DENNIS McLEAN, DIRECTOR OF FINANCE AND INFORMATION TECHNOLOGY**

**SUBJECT: FY03-04 ERAF SHIFT AND CONSOLIDATED LOAN AGREEMENT BETWEEN THE CITY AND AGENCY**

**DATE: DECEMBER 2, 2003**

**Staff Coordinator: Kathryn Downs, Accounting Manager**

**RECOMMENDATION:**

1. Approve Resolution RDA No 2003- , A RESOLUTION OF THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY MAKING FINDINGS IN CONNECTION WITH THE FY03-04 EDUCATIONAL REVENUE AUGMENTATION FUND PAYMENT AND AUTHORIZING A CONSOLIDATED LOAN AGREEMENT WITH THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY IN CONNECTION WITH THE AGENCY'S PROJECT AREA NO. 1.
2. Authorize the Chair and Agency Secretary to execute the attached Consolidated Loan Agreement between the City and the Rancho Palos Verdes Redevelopment Agency.
3. Authorize staff to begin accounting for the cost of administrative services and facilities provided by the City to the Rancho Palos Verdes Redevelopment Agency, effective December 1, 2003; and to add those costs to the outstanding consolidated loan balance between the City and Agency annually.

**BACKGROUND:**

The Rancho Palos Verdes Redevelopment Agency (the "Agency") was formed in 1984 with the purpose of financing long-term capital improvements designed to eliminate physical and economic blight in Project Area No. 1 through stabilization of hazardous landslides. The Agency's Project Area No. 1 was divided into two geographical areas: Abalone Cove and Portuguese Bend. The geographical areas are accounted for in separate funds of the Agency.

**Abalone Cove Fund Financing**

The Abalone Cove landslide abatement project of the Agency was initially financed by the issuance of \$10 million of County Improvement District Bonds (the "Bonds") in 1991. The Bonds were issued as part of the Reimbursement and Settlement ("Horan") Agreement entered into between the County, City, Agency and the Horan litigants in 1987. After payment of amounts previously owed the County and the City, approximately \$6.7 million of net bond proceeds were transferred to the Agency's Abalone Cove fund in 1991 to finance landslide abatement projects.

Under the terms of the bond restructuring in 1997, the County Bonds were repaid through the Agency's issuance of \$5,455,000 of tax allocation bonds (the "1997 RDA Bonds") and a lump sum payment of \$4,545,000 to the County. The lump sum payment was funded with \$2 million of accumulated tax increment, \$1 million of fund reserves from the Abalone Cove fund and a loan to the Abalone Cove fund by the City in the amount of \$1,545,000.

As part of the 1997 bond restructuring, accrued interest on the original \$10 million County Bonds was recalculated at a lower interest rate (5 percent vs. 7.7654 percent per the original Bonds) and deferred by the County. The deferred interest totaling \$3,111,400 is non-interest bearing and is subordinate to the payment of the 1997 RDA Bonds. Per the terms of the 1997 bond restructuring, the County began impounding all Agency tax increment in November 1997 for repayment of the \$5,455,000 1997 RDA Bonds and the \$3,111,400 deferred interest debt. The amortization schedule for the 1997 Bonds is presented in column D of Attachment A, *Tax Increment Projections & Debt Service Schedule*. No deferred interest shall be paid to the County until the 1997 RDA Bonds are paid in full. As of the date of this report, \$450,994 tax increment has been impounded to apply to scheduled bond payments until the 1997 RDA Bonds are paid in full. Impounded tax increment will thereafter be applied to the \$3,111,400 of deferred interest obligation owed to the County until paid in full.

The City and the Abalone Cove fund of the Agency entered into a Loan Agreement, dated November 30, 1997, when the City advanced \$1,545,000 to the Abalone Cove fund as a part of the 1997 bond restructuring. An additional \$12,000 loan was made from the City to the Abalone Cove fund in FY02-03 to perform miscellaneous Abalone Cove Sewer site restoration activities. The total principal loan owed the City by the Abalone Cove fund was \$1,557,000 as of June 30, 2003. Including accrued interest of \$788,986, the total amount owed to the City by the Abalone Cove fund was \$2,345,986 as of June 30, 2003. The loans between the City and the Agency continue to be subordinate to the payment of the 1997 RDA Bonds and deferred interest debt.

The Abalone Cove sewer project was completed during FY02-03 and the system is operational. With the completion of the sewer project, the Abalone Cove fund is completely depleted. Although no projects are included in the FY03-04 budget for the Abalone Cove fund, any future projects will require funding by the City.

**Portuguese Bend Fund Financing**

While the Abalone Cove fund of the Agency has relied upon bond proceeds to finance landslide abatement projects, the Portuguese Bend fund of the Agency relies on the City to finance its landslide projects. The City and the Portuguese Bend fund of the Agency first entered into a Loan Agreement, dated July 1, 1990, when the City began making advances to fund landslide projects in the Portuguese Bend area of the Agency. Between 1990 and 2000, a total of \$4,320,552 was advanced from the City to the Portuguese Bend fund.

The total principal loan owed the City by the Portuguese Bend fund was \$4,320,552 as of June 30, 2003. Including accrued interest of \$4,784,944, the total amount owed to the City by the Portuguese Bend fund was \$9,105,496 as of June 30, 2003.

If the City Council approves the attached Consolidated Loan Agreement, the total principal loan owed the City by the Portuguese Bend fund will be \$4,320,552 as of November 30, 2003. Including accrued interest of \$4,962,273, the total amount owed to the City by the Portuguese Bend fund will be \$9,282,825 as of November 30, 2003 as stated in Recital C of the attached Consolidated Loan Agreement. As the City's October and November 2003 LAIF deposit interest rates were not yet available as of the writing of this staff report, the October and November interest included in the total owed as of November 30, 2003 has been estimated.

**Request For Additional Increase To The Loan Balance Between the City And The Agency**

## Attachment C 79

County Tax Increment Administrative Fee

After the \$2 million lump sum payment of accumulated tax increment during the 1997 bond restructuring, the Agency's Debt Service fund was left with approximately \$35,000 in cash. In FY97-98, the County began charging the Agency an annual service fee to administer the Agency's tax increment. The available cash in the Agency's Debt Service fund was used to pay the County's annual fee until the fund was depleted. The General fund has paid a total of \$21,309 of administrative fees for the last two years and will continue to do so in the future in accordance with the terms of the 1997 RDA Bonds.

FY02-03 ERAF Shift

During 2002, the State of California enacted law (Chapter 1127, Statutes of 2002) requiring California redevelopment agencies to shift \$75 million in property tax increment to K-12 schools and community colleges during FY02-03. The state Director of Finance determined the Agency was required to transfer \$19,046 to the Education Revenue Augmentation Fund (ERAF). Staff obtained Agency Board approval to disburse the FY02-03 ERAF shift on March 4, 2003. At that time, Staff reported that the \$19,046 ERAF shift would be paid from accumulated excess tax increment impounded by the County. Staff subsequently pursued the County to release \$19,046 for payment of the ERAF shift, and recently discovered the County will not release any impounded tax increment, as those monies are pledged to repay the deferred interest debt of \$3,111,400.

Additional Advance

Staff requests the City Council authorize an addition to the loan balance of \$40,355 (\$21,309 of administrative fees and the FY02-03 ERAF shift of \$19,046) from the City to the Agency to clear the interfund payable/receivable accounts between the City's General fund and the Abalone Cove fund. Because the payments were previously made by the City to the County, this requested action serves merely as an accounting and legal affirmation. The beginning loan balance has been adjusted to include the additional loan in the attached proposed Consolidated Loan Agreement.

If the City Council authorizes the addition to the loan balance, the total principal loan owed the City by the Abalone Cove fund will be \$1,597,355 as of November 30, 2003. Including accrued interest of \$834,674, the total amount owed to the City by the Abalone Cove fund will be \$2,432,029 as of November 30, 2003 as stated in Recital D of the attached Consolidated Loan Agreement. As the City's October and November 2003 LAIF deposit interest rates were not yet available as of the writing of this staff report, the October and November interest included in the total owed as of November 30, 2003 has been estimated.

Purpose Of Consolidated Loan Agreement Between The City And Agency

Tax increment growth over the last ten years has averaged 10.6 percent annually. If tax increment continues to grow at a similar pace in the future, there may be sufficient tax increment to repay a portion, or all of the Agency's debt to the City after the Agency's debt to the County is repaid in full. Continuing the loan agreement between the Agency and the City formalizes the legal requirement for the Agency to do so.

Staff has prepared an analysis titled *Tax Increment Projections & Debt Service Schedule*. The analysis contains two scenarios that project the Agency's future tax increment (see attachment A). Scenarios 1 & 2 both estimate the first five years of future tax increment using the same property value growth rates as presented in the 2003 Five-Year Financial Model.

Scenario 1 conservatively assumes that property tax increment growth stabilizes at two percent for the remaining years of the analysis. Based on tax increment growth rates presented in Scenario 1, approximately \$7.7 million of property tax increment may become available to pay the Agency's debt to the City, before the Agency's ability to collect tax increment expires in 2034.

Scenario 2 assumes that property tax increment growth will accelerate in years five through eight of the analysis, then stabilize at two percent for the remaining years of the analysis. The temporary accelerated tax increment growth in Scenario 2 is based upon the possible development of a residential tract within the Agency's Project Area No. 1 (Point View). Based on tax increment growth rates presented in Scenario 2, approximately \$16.7 million of property tax increment may become available to pay the Agency's debt to the City, before the Agency's ability to collect tax increment expires in 2034.

Recommendation To Add Administrative Costs And Future ERAF Shifts To Consolidated Loan Balance

In the event that sufficient tax increment becomes available to repay the City a portion, or all of the loan amount, the City Attorney has prepared the attached Consolidated Loan Agreement between the City and the Agency to capture the cost of resources provided by the City, including 1) Administrative services and facilities (e.g. staff time, equipment usage, insurance, facilities, and incidental administrative expenses such as printing costs); 2) Annual County administrative fees paid from the City's General fund; and 3) Potential future ERAF shifts paid from the City's General fund.

Per the Consolidated Loan Agreement, each July 1<sup>st</sup>, the City's department heads will confirm the level of service provided to the Agency during the fiscal year just ended. Staff will calculate the total cost of services provided to the Agency and amounts remitted on behalf of the Agency, and add that dollar amount to the consolidated loan balance each August 1<sup>st</sup>. If the City Council approves the Consolidated Loan Agreement, staff requests authorization to begin accounting for administrative services provided to the Agency beginning December 1, 2003, for future addition to the consolidated loan balance between the City and Agency. Although the accounting for administrative costs provided to the Agency have always been incurred by City Staff, it was prudent to utilize bond proceeds solely for capital projects until the Abalone Cove fund balance became depleted.

The County administrative fee has increased from \$9,000 in FY97-98 to more than \$13,000 in FY03-04 (an average of 7.5% annually). The County will continue to charge an annual administrative fee in the future. The Agency's Debt Service fund has no cash to pay the annual fee; therefore, the City's General fund must pay for it on behalf of the Agency. The Consolidated Loan Agreement provides a mechanism to add the annual fee to the consolidated loan balance between the City and Agency.

Earlier this year, the State of California enacted law (Chapter 260, Statutes of 2003) requiring California redevelopment agencies to shift \$135 million of property tax increment to K-12 schools and community colleges during FY03-04. The state Director of Finance determined the Agency is required to transfer \$32,878 to the ERAF by May 10, 2004. The Agency is unable to make the required ERAF payment; and therefore, as required by state law, the City's General fund must pay the \$32,878. Considering the continued California budget crisis, the Agency may expect additional future ERAF shifts. With approval of the attached resolution, the City Council will make the finding that the Agency cannot pay the FY03-04 ERAF shift, which must then be paid from the City's General fund, as required by state law.

The Consolidated Loan Agreement provides a mechanism to add future annual ERAF shifts to the consolidated loan balance between the City and Agency.

The estimated August 1, 2004 addition to the consolidated loan balance would include:

1. The FY03-04 ERAF shift of \$32,878;
2. The FY03-04 County fee for administering the Agency's property tax increment (estimated to exceed \$13,000); and
3. Seven months of administrative services and facilities provided by the City to the Agency (December 1 through June 30, estimated to exceed \$17,000).

Interest on the advance between the City and Agency continues to be based upon the interest rate earned by the City's Local Agency Investment Fund (LAIF) deposits plus three percent. The consolidated loan balance is subordinate to the 1997 RDA Bonds and the deferred interest debt owed to the County.

Previous loan agreements between the City and Agency required the maturity of each loan with the close of every fiscal year. The proposed Consolidated Loan Agreement defines the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency. The City Council and Agency Board's approval of the attached Consolidated Loan Agreement will provide a mechanism to maximize the amount of the Agency's future property tax increment paid to the City for services rendered and amounts disbursed on behalf of the Agency.

## Attachment C 80

Respectfully submitted,

Dennis McLean

Director of Finance and Information Technology

Reviewed:

Les Evans

City Manager

## RESOLUTION NO. RDA 2003-

A RESOLUTION OF THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY MAKING FINDINGS IN CONNECTION WITH THE FISCAL YEAR 2003-04 EDUCATIONAL REVENUE AUGMENTATION FUND PAYMENT AND AUTHORIZING A CONSOLIDATED LOAN AGREEMENT WITH THE CITY OF RANCHO PALOS VERDES IN CONNECTION WITH THE AGENCY'S PROJECT AREA NO. 1

## RECITALS

A. In furtherance of the objectives of the Community Redevelopment Law (California Health and Safety Code Section 33000, et seq.) (the "Law"), the Rancho Palos Verdes Redevelopment Agency (the "Agency") has undertaken a program for the redevelopment of blighted areas in the City of Rancho Palos Verdes (the "City"), and toward this end, has undertaken and is now carrying out the responsibility for the redevelopment of Project Area No. 1 (the "Project Area") pursuant to and in furtherance of the Redevelopment Plan for the Project Area (the "Redevelopment Plan").

B. In compliance with all requirements of the Redevelopment Law, the Agency and the City Council adopted the Redevelopment Plan, which provides for the redevelopment of the Project Area by undertaking such actions as may be appropriate to abate the geologic hazards, install a sewer system, and facilitate other improvements in the Project Area.

C. Prior to execution of this Agreement, the City previously advanced to the Agency's Portuguese Bend Fund \$4,320,552, plus accumulated interest of \$4,962,273 as of November 30, 2003, for a total outstanding balance of \$9,282,825 as of November 30, 2003.

D. Prior to execution of this Agreement, the City previously advanced to the Agency's Abalone Cove Fund \$1,597,355, plus accumulated interest of \$834,674 as of November 30, 2003, for a total outstanding balance of \$2,432,029 as of November 30, 2003, which outstanding balance includes the required ERAF payment for Fiscal Year 2002-03 and administrative and over-head expenses for Fiscal Year 2002-03.

E. During Fiscal year 2003-04, the Redevelopment Law requires redevelopment agencies to pay certain amounts to the county auditor for deposit in the ERAF for the benefit of public schools, with the payment due to the county auditor by May 10, 2004. Redevelopment agencies may be required to make similar ERAF payments in future Fiscal years.

F. During Fiscal year 2003-04, if a redevelopment agency determines that is unable to make the required ERAF payment, the agency may allocate to the county auditor less than the full required ERAF payment if the agency and city enter into an agreement providing for the city to fund the difference between the amount allocated by the agency and the full amount of the required ERAF payment. In the event that agencies are required to make an ERAF payment in subsequent fiscal years, the Redevelopment Law may provide similar provisions allowing cities to make the ERAF payments on behalf of agencies.

G. In carrying out the Redevelopment Plan for the Project Area, the Agency is utilizing the staff and other resources of the City. The City Manager of the City serves as Executive Director of the Agency and the staff of the planning and community development department and staff of the engineering and public works department devote substantial time in connection with redevelopment of the Project Area.

H. By providing and making available to the Agency the staff and other resources of the City, and by providing and making available to the Agency office space, equipment, supplies, insurance, and other City services and facilities, the City has advanced and will continue to advance the cost of the foregoing to the Agency.

I. The City and the Agency desire to enter into an agreement to acknowledge the foregoing recitals, to provide for the City to advance funds to the Auditor of the County of Los Angeles (the "County Auditor") for ERAF payments, to provide for the City to advance administrative and overhead costs for redevelopment purposes and to provide for an appropriate method of repayment by the Agency for such advances together with funds previously advanced by the City for redevelopment purposes.

NOW, THEREFORE, THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES AND RESOLVES AS FOLLOWS:

Section 1. The foregoing recitals are true and correct.

Section 2. The State Director of Finance has notified the Agency and the City Council that the Agency's required ERAF payment for Fiscal year 2003-04 (the "2003-04 ERAF Payment") is \$ 32,878.00.

Section 3. Set forth on Exhibit A, attached hereto and incorporated herein, are each existing indebtedness of the Agency incurred prior to September 1, 2003, the payment of which is to be made in whole or in part, directly or indirectly, out of the taxes allocated to the Agency pursuant to Health and Safety Code Section 33670 on which a payment is required to be made during the 2003-04 fiscal year, the amount of each such payment, and the time when it is required to be made during the 2003-04 fiscal year.

Section 4. The chief fiscal officer of the Agency has reviewed the information set forth in Exhibit A and has determined that the information set forth therein is accurate in all respects.

Section 5. Based upon the information set forth in Exhibit A, the Agency hereby finds that it will be unable to make the 2003-04 ERAF Payment to the County Auditor in that this amount is necessary to make payments on existing indebtedness that are due or required to be committed, set aside, or reserved by the Agency during fiscal year 2003-04 and are or will be used by the Agency for that purpose and the Agency has no other funds that can be used to pay this existing indebtedness and no other feasible method to reduce or avoid this indebtedness.

Section 6. The Agency and City Council have held a duly noticed joint public hearing regarding this Resolution and the 2003-04 ERAF Payment.

Section 7. The Agency desires to enter into the Consolidated Loan Agreement by and between the Agency and the City, attached hereto as Exhibit B, to provide for the City to advance funds to the County Auditor for ERAF payments, including the 2003-04 ERAF Payment, to provide for the City to advance administrative and overhead costs for redevelopment purposes and to provide for an appropriate method of repayment by the Agency for such advances together with funds previously advanced by the City for redevelopment purposes.

Section 8. The Consolidated Loan Agreement attached hereto as Exhibit B is hereby approved and the Chairman is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute the Consolidated Loan Agreement and to deliver it to the City of Rancho Palos Verdes in substantially the form hereby approved, with such changes therein as the Chairman may approve, such approval to be conclusively evidenced by his execution and delivery thereof.

Section 9. The members of the Agency and its officers, employees and counsel are hereby authorized to do all acts and things, which may be required of them by this Resolution. All such acts and things heretofore done are hereby approved, ratified and confirmed.

PASSED, APPROVED AND ADOPTED this 2<sup>nd</sup> day of December 2003.

Chairman

ATTEST:

Secretary

EXHIBIT A

Set forth below are each existing indebtedness of the Agency incurred prior to September 1, 2003, the payment of which is to be made in whole or in part, directly or indirectly, out of the taxes allocated to the Agency pursuant to Health and Safety Code Section 33670 on which a payment is required to be made during the 2003-04 fiscal year. The amount of each such payment is expressed as a dollar amount or as a percentage of tax increment revenues generated in Project Area.

The Agency, the County and the City entered into a Memorandum of Understanding, dated as of November 1997 (the "MOU").

Pursuant to the MOU, at the time of each allocation of property tax revenues, the County Auditor-Controller shall pay to the Agency the amount required to be set aside in the Agency's low and moderate income housing fund pursuant to Health and Safety Code Section 33334.2, which is 20 percent of the gross tax increment generated in the Project Area.

Pursuant to the MOU, after making the disbursement described above, the County shall pay to the Consolidated Fire Protection District of Los Angeles County all the amount payable to the District under Section 8(B) of the Reimbursement and Settlement Agreement, dated October 13, 1987 among the County, the Agency and the City (the "Settlement Agreement"). Pursuant to Section 8(B) of the Settlement Agreement, this amount is 17 % of the gross tax increment generated in the Project Area.

Pursuant to the MOU, the County shall next pay all amounts required to be paid with respect to the tax allocation bond issued by the Agency on December 2, 1997, to the order of the County, in the original principal amount of \$5,455,000, all of which remains outstanding (the "RDA Bond").

The RDA Bond is secured by, and payable from tax increment revenues allocated to the Agency, net of tax increment revenues required to be set aside in the Agency's low and moderate income housing fund and net of tax increment revenues paid to the Fire Protection District, as described above (the "Net Tax Increment"). The principal of the RDA Bond shall mature in installments on each December 2, commencing December 2, 2004. Interest shall accrue with respect to the unpaid principal of the RDA Bond at the rate of 5% per annum and shall be payable in arrears on each June 2 and December 2, commencing June 2, 1998. Set forth below, are the debt service payments on the RDA Bond for fiscal year 2003-04:

Amount of Each Payment	Date Required to be Paid	Total of All Payments
\$136,375	12/02/03	
\$136,375	06/02/04	\$272,750

Pursuant to the MOU, on December 3rd of each year, after the payment of all principal of and interest on the RDA Bond theretofore becoming due and payable, the County shall retain for its own account all remaining Net Tax Increment until the County shall have received an aggregate amount of \$3,111,400, without interest. Such amount represents unpaid interest on the \$10,000,000 aggregate principal amount of the County's C 26541-M, 1915 Act Limited Obligation Improvement Bonds (Abalone Cove) (the "County Bond"), the proceeds of which were paid to the Agency to finance landslide mitigation measures in accordance with the Settlement Agreement. The MOU provided for the cancellation of the County Bond. As of the date of this Resolution, \$450,994 of the \$3,111,400 has been repaid to the County.

The MOU provides for tax increment revenues to be paid to the Agency, after the above payments have been made. However, during fiscal year 2003-04 no funds will be available for disbursement to the Agency.

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## AGENDA ITEM

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: DIRECTOR OF FINANCE AND INFORMATION TECHNOLOGY**

**SUBJECT: FY04-05 ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND AGENCY**

**DATE: SEPTEMBER 7, 2004**

**Staff Coordinator: Kathryn Downs, Accounting Manager**

**RECOMMENDATION:**

Receive and file this staff report, which provides information regarding the FY04-05 advance of \$60,907 to the Rancho Palos Verdes Redevelopment Agency ("Agency"). The Consolidated Loan Agreement dated December 1, 2003 authorizes the FY04-05 advance.

**EXECUTIVE SUMMARY:**

- On December 1, 2003, the loan agreement between the City and Agency was revised to include the annual cost of resources provided by the City (i.e. Staff's time);
- Deputy City Attorney Robin Harris has recommended the preparation of an annual staff report to inform the City Council of loan additions authorized by the Consolidated Loan Agreement.
- Staff recommends additions to the consolidated loan balance as of August 1, 2004, in the amount of \$60,907 including: 1) The FY03-04 ERAF shift of \$32,878; 2) The FY03-04 County fee of \$13,149 for administering the Agency's property tax increment; and 3) Seven months (December 2003 thru June 2004) of administrative services provided by the City to the Agency calculated as \$14,880. The additions to the consolidated loan balance are for expenditures made from the General fund of the City.

**BACKGROUND:**

The Agency was formed in 1984 with the purpose of financing long-term capital improvements (i.e. de-watering wells, Abalone Cove sewer system) designed to eliminate physical and economic blight in Project Area No. 1 through stabilization of hazardous landslides. The Agency's Project Area No. 1 was divided into two geographical areas: Abalone Cove and Portuguese Bend. The geographical areas are accounted for in separate funds of the Agency.

**Abalone Cove Fund Financing**

The Abalone Cove landslide abatement project of the Agency was initially financed by the issuance of \$10 million of County Improvement District Bonds (the "Bonds") in 1991. The Bonds were issued as part of the Reimbursement and Settlement ("Horan") Agreement entered into between the County, City, Agency and the Horan litigants in 1987. After payment of amounts previously owed the County and the City, approximately \$6.7 million of net bond proceeds were transferred to the Agency's Abalone Cove fund in 1991 to finance landslide abatement projects.

Under the terms of the bond restructuring in 1997, the County Bonds were repaid through the Agency's issuance of \$5,455,000 of tax allocation bonds (the "1997 RDA Bonds") and a lump sum payment of \$4,545,000 to the County. The lump sum payment was funded with \$2 million of accumulated tax increment, \$1 million of fund reserves from the Abalone Cove fund and a loan to the Abalone Cove fund by the City in the amount of \$1,545,000.

As part of the 1997 bond restructuring, accrued interest on the original \$10 million County Bonds was recalculated at a lower interest rate (5 percent vs. 7.7654 percent per the original Bonds) and deferred by the County. The deferred interest totaling \$3,111,400 is non-interest bearing and is subordinate to the payment of the 1997 RDA Bonds. Per the terms of the 1997 bond restructuring, the County began impounding all Agency tax increment in November 1997 for repayment of the \$5,455,000 1997 RDA Bonds and the \$3,111,400 deferred interest debt. No deferred interest shall be paid to the County until the 1997 RDA Bonds are paid in full. As of June 30, 2004, \$765,143 of tax increment has been impounded to apply to scheduled bond payments until the 1997 RDA Bonds are paid in full. Impounded tax increment will thereafter be applied to the \$3,111,400 of deferred interest obligation owed to the County until paid in full.

The City and the Abalone Cove fund of the Agency entered into a Loan Agreement, dated November 30, 1997, when the City advanced \$1,545,000 to the Abalone Cove fund as a part of the 1997 bond restructuring. An additional \$12,000 loan was made from the City to the Abalone Cove fund in FY02-03 to perform miscellaneous Abalone Cove Sewer site restoration activities. On December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency. The revised Consolidated Loan Agreement included an additional advance for County tax increment administration fees of \$21,309 previously paid by the City's General fund, and the FY02-03 Education Revenue Augmentation Fund (ERAF) shift of \$19,046 also paid by the City's General fund. Principal owed the City by the Abalone Cove fund was \$1,597,355 as of June 30, 2004. Including accrued interest of \$898,879, the total amount owed to the City by the Abalone Cove fund was \$2,496,234 as of June 30, 2004. The Consolidated Loan Agreement between the City and the Agency continues to be subordinate to the payment of the 1997 RDA Bonds and deferred interest debt.

The Abalone Cove sewer project was completed during FY02-03 and the system is operational. With the completion of the sewer project, the Abalone Cove fund was depleted. Any future Abalone Cove Agency projects will require funding by the City.

**Portuguese Bend Fund Financing**

## Attachment C 83

While the Abalone Cove fund of the Agency has primarily relied upon bond proceeds to finance landslide abatement projects, the Portuguese Bend fund of the Agency relies on the City to finance its landslide projects. The City and the Portuguese Bend fund of the Agency first entered into a Loan Agreement, dated July 1, 1990, when the City began making advances to fund landslide projects in the Portuguese Bend area of the Agency. Between 1990 and 2000, a total of \$4,320,552 was advanced from the City to the Portuguese Bend fund. As noted above, on December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency.

Principal owed the City by the Portuguese Bend fund was \$4,320,552 as of June 30, 2004. Including accrued interest of \$5,207,338, the total amount owed to the City by the Portuguese Bend fund was \$9,527,890 as of June 30, 2004.

Purpose Of Consolidated Loan Agreement Between The City And Agency

Tax increment growth over the last ten years has averaged 10.6 percent annually. If tax increment continues to grow at a similar pace in the future, there may be sufficient tax increment to repay a portion, or all of the Agency's debt to the City after the Agency's debt to the County is repaid in full.

Staff has prepared an analysis titled *Tax Increment Projections & Debt Service Schedule* (see attachment A). The analysis includes the Agency's debt service schedule, as well as estimated Agency tax increment projections. The first five years of the analysis use the same property value growth rates and interest rates as presented in the 2004 Financial Model. The analysis indicates that as much as \$7.4 million may become available to repay the Agency's debt to the City, before the Agency's ability to collect tax increment expires in 2034.

Recommendation To Add FY03-04 ERAF Shift And Administrative Costs To Consolidated Loan Balance

In the event that sufficient tax increment becomes available to repay the City a portion, or all of the loan amount, the Consolidated Loan Agreement between the City and the Agency captures the cost of resources provided by the City, including: 1) Any ERAF shifts paid from the City's General fund; 2) Annual County administrative fees paid from the City's General fund; and 3) Administrative services and facilities (e.g. staff time, equipment usage, insurance, facilities, and incidental administrative expenses such as printing costs).

The State of California enacted law (Chapter 260, Statutes of 2003) requiring California redevelopment agencies to shift \$135 million of property tax increment to K-12 schools and community colleges during FY03-04. The state Director of Finance determined the Agency was required to transfer \$32,878 to the ERAF by May 10, 2004. The Agency was unable to make the required ERAF payment; and therefore, as required by state law, the City's General fund paid the required shift of \$32,878. The FY04-05 State budget includes another ERAF shift of approximately \$60,000; however, the Agency has not yet received notification of the precise amount to be shifted for FY04-05. Considering the continued California budget crisis, the Agency should expect additional future ERAF shifts. The Consolidated Loan Agreement provides a mechanism to add ERAF shifts to the consolidated loan balance between the City and Agency.

The County continues to charge an annual fee to administer the Agency's tax increment. The Agency's Debt Service fund has no cash to pay the annual fee; therefore, the City's General fund must pay for it on behalf of the Agency. The Consolidated Loan Agreement provides a mechanism to add the annual fee to the loan balance between the City and Agency.

Per the Consolidated Loan Agreement, each July 1<sup>st</sup>, the City's department heads confirm the level of service provided to the Agency during the fiscal year just ended. Staff calculates the total cost of services provided to the Agency and amounts remitted on behalf of the Agency, for addition to the consolidated loan balance each August 1<sup>st</sup>. It would not have been appropriate to charge the cost of administrative services provided by the City before the Agency's capital improvement projects were complete.

The August 1, 2004 addition to the consolidated loan balance in the amount of \$60,907 includes:

1. The FY03-04 ERAF shift of \$32,878;
2. The FY03-04 County fee of \$13,149 for administering the Agency's property tax increment; and
3. Seven months (December 1, 2003 through June 30, 2004) of administrative services and facilities provided by the City to the Agency calculated as \$14,880.

Interest on the advance between the City and Agency continues to be based upon the interest rate earned by the City's Local Agency Investment Fund (LAIF) deposits plus three percent. The consolidated loan balance is subordinate to the 1997 RDA Bonds and the deferred interest debt owed to the County.

**FISCAL IMPACT:**

The additional advance of \$60,907 must be drawn from General fund reserves. The calculation of estimated General fund reserves is presented in Attachment B labeled "FY04-05 Statement of Estimated General Fund Reserves". A budget adjustment is not required to record the advance in the City's general ledger.

Respectfully submitted,

Dennis McLean

Director of Finance and Information Technology

Reviewed:

Les Evans

City Manager

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## AGENDA ITEM

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: DIRECTOR OF FINANCE AND INFORMATION TECHNOLOGY**

**SUBJECT: ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND AGENCY FOR EXPENSES INCURRED DURING FY04-05**

**DATE: NOVEMBER 1, 2005**

**Staff Coordinator: Gary Gyves, Senior Administrative Analyst**

### **RECOMMENDATION:**

Receive and file this staff report, which provides information regarding the loan additions to the Rancho Palos Verdes Redevelopment Agency ("Agency") in the amount of \$98,571 for expenses incurred by the City during FY04-05. The Consolidated Loan Agreement dated December 1, 2003 authorizes the loan additions.

### **EXECUTIVE SUMMARY:**

On December 1, 2003, the loan agreement between the City and Agency was revised to include the annual cost of resources provided by the City (i.e. Staff's time). Deputy City Attorney Robin Harris has recommended the preparation of an annual staff report to inform the City Council of loan additions authorized by the Consolidated Loan Agreement. Staff recommends additions to the consolidated loan balance for expenses incurred by the City during FY04-05 in the amount of \$98,571, which includes the following:

- The FY04-05 ERAF shift of \$62,672;
- The FY04-05 County property tax increment administration fee of \$12,929; and
- The FY04-05 administrative services provided by the City to the Agency of \$22,970.

The additions to the consolidated loan balance are for expenditures made from the General fund of the City and will accrue interest as of July 1, 2005. The FY04-05 budget included the expectation of the General fund loan advances, as well as the reduction of General Fund Reserves. Because they are loans, rather than expenditures, no budget appropriation is necessary.

### **BACKGROUND:**

The Agency was formed in 1984 with the purpose of financing long-term capital improvements (i.e. de-watering wells, Abalone Cove sewer system) designed to eliminate physical and economic blight in Project Area No. 1 through stabilization of hazardous landslides. The Agency's Project Area No. 1 was divided into two geographical areas: Abalone Cove and Portuguese Bend. The geographical areas are accounted for in separate funds of the Agency.

#### Abalone Cove Fund Financing

The Abalone Cove landslide abatement project of the Agency was initially financed by the issuance of \$10 million of County Improvement District Bonds (the "Bonds") in 1991. The Bonds were issued as part of the Reimbursement and Settlement ("Horan") Agreement entered into between the County, City, Agency and the Horan litigants in 1987. After payment of amounts previously owed the County and the City, approximately \$6.7 million of net bond proceeds were transferred to the Agency's Abalone Cove fund in 1991 to finance landslide abatement projects.

Under the terms of the bond restructuring in 1997, the County Bonds were repaid through the Agency's issuance of \$5,455,000 of tax allocation bonds (the "1997 RDA Bonds") and a lump sum payment of \$4,545,000 to the County. The lump sum payment was funded with \$2 million of accumulated tax increment, \$1 million of fund reserves from the Abalone Cove fund and a loan to the Abalone Cove fund by the City in the amount of \$1,545,000.

As part of the 1997 bond restructuring, accrued interest on the original \$10 million County Bonds was recalculated at a lower interest rate (5 percent vs. 7.7654 percent per the original Bonds) and deferred by the County. The deferred interest totaling \$3,111,400 is non-interest bearing and is subordinate to the payment of the 1997 RDA Bonds. Per the terms of the 1997 bond restructuring, the County began impounding all Agency tax increment in November 1997 for repayment of the \$5,455,000 1997 RDA Bonds and the \$3,111,400 deferred interest debt. As of June 30, 2005, \$957,431 of tax increment has been impounded and applied as a reduction of deferred interest.

The City and the Abalone Cove fund of the Agency entered into a Loan Agreement, dated November 30, 1997, when the City advanced \$1,545,000 to the Abalone Cove fund as a part of the 1997 bond restructuring. An additional \$12,000 loan was made from the City to the Abalone Cove fund in FY02-03 to perform miscellaneous Abalone Cove Sewer site restoration activities. On December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency. Principal owed the City by the Abalone Cove fund was \$1,658,262 as of June 30, 2005. Including accrued interest of \$1,032,692, the total amount owed to the City by the Abalone Cove fund was \$2,690,954 as of June 30, 2005. The Consolidated Loan Agreement between the City and the Agency continues to be subordinate to the payment of the 1997 RDA Bonds and deferred interest debt.

The Abalone Cove sewer project was completed during FY02-03 and the system is operational. With the completion of the sewer project, the Abalone Cove fund was depleted. Any future Abalone Cove Agency projects will require funding by the City.

#### Portuguese Bend Fund Financing

## Attachment C 85

While the Abalone Cove fund of the Agency has primarily relied upon bond proceeds to finance landslide abatement projects, the Portuguese Bend fund of the Agency relies on the City to finance its landslide projects. The City and the Portuguese Bend fund of the Agency first entered into a Loan Agreement, dated July 1, 1990, when the City began making advances to fund landslide projects in the Portuguese Bend area of the Agency. Between 1990 and 2000, a total of \$4,320,552 was advanced from the City to the Portuguese Bend fund. As noted above, on December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency.

Principal owed the City by the Portuguese Bend fund was \$4,320,552 as of June 30, 2005. Including accrued interest of \$5,705,925, the total amount owed to the City by the Portuguese Bend fund was \$10,026,447 as of June 30, 2005.

Purpose of Consolidated Loan Agreement Between the City and Agency

Property values, and therefore tax increment growth, have increased significantly over the last ten years. If property values continue to grow, there may be sufficient tax increment to repay a portion of the Agency's debt to the City after the Agency's debt to the County is repaid in full.

Staff has prepared an analysis titled *Tax Increment Projections & Debt Service Schedule* (see Attachment A). The analysis includes the Agency's debt service schedule, as well as estimated Agency tax increment projections. The first five years of the analysis use the same property value growth rates and interest rates as presented in the 2005 Financial Model. The analysis indicates that as much as \$8.4 million may become available to repay the Agency's debt to the City, before the Agency's ability to collect tax increment expires in 2034.

Recommendation to Add FY04-05 ERAF Shift and Administrative Costs to Consolidated Loan Balance

In the event that sufficient tax increment becomes available to repay the City a portion, or all of the loan amount, the Consolidated Loan Agreement between the City and the Agency captures the cost of resources provided by the City, including: 1) Any ERAF shifts paid from the City's General fund; 2) Annual County administrative fees paid from the City's General fund; and 3) Administrative services and facilities (e.g. staff time, equipment usage, insurance, facilities, and incidental administrative expenses such as printing costs).

The State of California enacted law (Chapter 610, Statutes of 2004) requiring California redevelopment agencies to shift \$250 million of property tax increment to K-12 schools and community colleges during FY04-05. The state Director of Finance determined the Agency was required to transfer \$62,672 to the ERAF by May 10, 2005. The Agency was unable to make the required ERAF payment; and therefore, as required by State law, the City's General fund paid the required shift of \$62,672. The FY05-06 State budget includes another ERAF shift of approximately \$63,000; however, the Agency has not yet received notification of the precise amount to be shifted for FY05-06. Considering the continued California budget crisis, the Agency should expect additional future ERAF shifts. The Consolidated Loan Agreement provides a mechanism to add ERAF shifts to the consolidated loan balance between the City and Agency.

The County continues to charge an annual fee to administer the Agency's tax increment. The Agency's Debt Service fund has no cash to pay the annual fee; therefore, the City's General fund must pay for it on behalf of the Agency. The Consolidated Loan Agreement provides a mechanism to add the annual fee to the loan balance between the City and Agency.

Per the Consolidated Loan Agreement, each July 1<sup>st</sup>, the City's department heads confirm the level of service provided to the Agency during the fiscal year just ended. Staff calculates the total cost of services provided to the Agency and amounts remitted on behalf of the Agency for addition to the consolidated loan balance. It would not have been appropriate to charge the cost of administrative services provided by the City before the Agency's capital improvement projects were complete.

The August 1, 2004 addition to the consolidated loan balance in the amount of \$98,571 includes:

1. The FY04-05 ERAF shift of \$60,672;
2. The FY04-05 County fee of \$12,929 for administering the Agency's property tax increment; and
3. The FY04-05 administrative services and facilities provided by the City to the Agency calculated at \$22,970.

Interest on the advance between the City and Agency continues to be based upon the interest rate earned by the City's Local Agency Investment Fund (LAIF) deposits plus three percent. The consolidated loan balance is subordinate to the 1997 RDA Bonds and the deferred interest debt owed to the County.

**FISCAL IMPACT:**

The additional advance of \$98,571 was drawn from General fund reserves. The calculation of estimated General fund reserves is presented in Attachment B labeled "FY05-06 Statement of Estimated General Fund Reserves". A budget adjustment was not required to record the advance in the City's general ledger.

Respectfully submitted,

Dennis McLean

Director of Finance and Information Technology

Reviewed:

Les Evans

City Manager

CITY OF RANCHO PALOS VERDES REDEVELOPMENT AGENCY TAX INCREMENT PROJECTIONS & DEBT SERVICE SCHEDULE													ATTACHMENT A		
Actual/Proj.	Plan Year	Fiscal Year	Tax Increment Growth Rate	Tax Increment Net of 20% Housing Set - Aside	1997 RDA Bonds Debt Service (P&I)	Fire Authority Pass-Thru	Total Outflows F + G = H	Excess Tax Increment E - H = I	Cumulative Excess Tax Increment Applied to Deferred Interest Debt I to 3,111,400 = J	Remaining Tax Increment to Pay City Loans/ERAF/Admin. Costs I - J = K	City Loans Principal (A)	City Loans Interest*** (N * int. rate = M)	City Loans Total M + N - K = N		
A	B	C	D	E	F	G	F + G = H	E - H = I	I to 3,111,400 = J	I - J = K	L	N * int. rate = M	M + N - K = N		
<b>Cumulative 85-86 to 00-01</b>															
Actual	17	2001-02		500,194	272,750	103,740	376,490	115,352	407,184	-	0	857,077	10,875,997		
Actual	18	2002-03		559,893	272,750	117,835	390,585	169,561	576,744	-	12,000	583,485	11,451,482		
Actual	19	2003-04		592,033	272,750	120,850	393,600	189,399	765,134	-	40,355	532,287	12,024,124		
Actual	20*	2004-05		592,869	277,625	125,114	402,739	192,288	857,431	-	60,807	632,400	12,717,431		
Proj.	21	2005-06	6.5%	631,405	287,125	133,246	420,371	211,034	1,166,465	-	98,571	783,046	13,579,049		
Proj.	22	2006-07	3.0%	650,348	296,125	137,243	433,368	216,979	1,385,445	-		814,743	14,393,791		
Proj.	23	2007-08	2.0%	663,355	309,500	139,988	449,488	213,866	1,599,311	-		899,612	15,293,403		
Proj.	24	2008-09	2.0%	676,622	323,125	142,788	465,913	210,709	1,810,020	-		994,071	16,287,474		
Proj.	25	2009-10	2.0%	690,154	330,125	145,844	475,769	214,385	2,024,405	-		1,099,404	17,386,878		
Proj.	26	2010-11	2.0%	703,957	345,375	148,557	493,932	210,026	2,234,430	-		1,173,614	18,560,493		
Proj.	27	2011-12	2.0%	718,036	355,750	151,528	507,278	210,759	2,445,189	-		1,252,833	19,813,326		
Proj.	28	2012-13	2.0%	732,397	370,250	154,558	524,808	207,589	2,652,778	-		1,337,939	21,150,725		
Proj.	29	2013-14	2.0%	747,045	378,875	157,849	536,524	210,520	2,863,298	-		1,427,674	22,578,399		
Proj.	30	2014-15	2.0%	761,986	391,625	160,802	552,427	209,558	3,072,857	-		1,524,042	24,102,441		
Proj.	31	2015-16	2.0%	777,226	408,250	164,019	572,269	204,857	3,111,400	166,414		1,626,915	25,822,942		
Proj.	32	2016-17	2.0%	792,770	418,750	167,299	598,049	208,721	-	206,721		1,725,499	27,081,720		
Proj.	33	2017-18	2.0%	808,625	438,000	170,845	608,845	199,981	-	199,981		1,828,016	28,709,755		
Proj.	34	2018-19	2.0%	824,798	450,875	174,058	624,933	199,865	-	199,865		1,937,908	30,447,799		
Proj.	35	2019-20	2.0%	841,294	462,500	177,539	640,039	201,255	-	201,255		2,055,226	32,301,770		
Proj.	36	2020-21	2.0%	858,120	477,750	181,090	658,840	199,280	-	199,280		2,180,389	34,282,859		
Proj.	37	2021-22	2.0%	875,282	496,375	184,711	681,086	194,196	-	194,196		2,314,093	36,402,757		
Proj.	38	2022-23	2.0%	892,788	513,250	188,406	701,656	191,132	-	191,132		2,457,186	38,668,911		
Proj.	39	2023-24	2.0%	910,644	528,375	192,174	720,549	190,095	-	190,095		2,610,145	41,088,880		
Proj.	40**	2024-25	2.0%	928,856	541,750	196,017	737,767	191,089	-	191,089		2,773,498	43,671,269		
Proj.	41	2025-26	2.0%	947,434	563,125	199,938	763,063	184,371	-	184,371		2,947,811	46,434,709		
Proj.	42	2026-27	2.0%	966,382	577,375	203,936	781,311	185,071	-	185,071		3,134,343	49,383,981		
Proj.	43	2027-28	2.0%	985,710	594,500	208,015	802,515	183,195	-	183,195		3,333,419	52,534,205		
Proj.	44	2028-29	2.0%	1,005,424	-	212,175	212,175	793,249	-	793,249		3,546,059	55,287,015		
Proj.	45	2029-30	2.0%	1,025,533	-	216,419	216,419	809,114	-	809,114		3,731,874	58,209,775		
Proj.	46	2030-31	2.0%	1,046,043	-	220,747	220,747	825,296	-	825,296		3,929,160	61,313,639		
Proj.	47	2031-32	2.0%	1,066,964	-	225,182	225,182	841,802	-	841,802		4,138,671	64,610,508		
Proj.	48	2032-33	2.0%	1,088,303	-	229,866	229,866	858,638	-	858,638		4,361,209	68,113,079		
Proj.	49	2033-34	2.0%	1,110,069	-	234,259	234,259	875,811	-	875,811		4,597,633	71,834,901		
Proj.	50**	2034-35	2.0%	1,132,271	-	238,944	238,944	893,327	-	893,327		4,848,858	75,790,430		
<b>TOTALS</b>				<b>28,094,830</b>	<b>10,954,625</b>	<b>5,924,761</b>	<b>16,879,386</b>	<b>11,209,468</b>	<b>3,111,400</b>	<b>8,389,900</b>	<b>6,077,385</b>	<b>78,102,945</b>			

**Notes:**  
 \* The Agency's ability to issue debt expired on November 27, 2004 (based on AB 1290).  
 \*\* The Redevelopment Plan expires in 2024.  
 \*\*\* The Agency's ability to collect tax increment expires in 2034.  
 \*\*\*\* Interest is based upon the interest rate earned by the City's Local Agency Investment Fund deposits plus three percent. Estimated at 6% in 2005-06 & 2006-07, 6.25% in 2007-08, 6.5% in FY2008-09 and 6.75% thereafter.  
 (A) Includes the total loans made to both the Portuguese Bend fund and the Abalone Cove fund, which also includes annual costs associated with ERAF shifts, County property tax administration, and City administration.

ATTACHMENT B						
FY05-06 STATEMENT OF ESTIMATED GENERAL FUND RESERVES						
	Action Date	Beginning Reserves	Revenues	Expenditures	Net Transfers	Ending Reserves
Budget Adoption (estimate)	5/31/2005	11,179,791	14,725,750	(13,087,680)	(2,441,401)	10,376,460
Changes:						
NCCP Lobbyist (Jul-Sep 2005)	6/21/2005			(15,000)		
Mira Vista Speed Humps	6/21/2005			(60,380)		
Founders Park Dedication & Channel						
33 Openhouse	8/16/2005			(13,500)		
General Plan Amendment Third Party	9/20/2005			(3,500)		
Disaster Grant Management	10/4/2005			(25,000)		
Revised Estimates		11,179,791	14,725,750	(13,205,060)	(2,441,401)	10,259,080
Reserve Policy Level						7,362,875
Reserves in Excess of Policy Level					139%	2,896,205
<b>Column Heading Definitions</b>						
<b>Action Date</b> is the date City Council adopted the budget or an adjustment to the budget.						
<b>Beginning Reserves</b> are the estimated 7/1/04 General fund reserves at the time of budget adoption. Adjustments to Beginning Reserves						
<b>Revenues</b> include the originally adopted revenue budget and subsequent adjustments. When staff becomes aware that revenues are						
<b>Expenditures</b> include the originally adopted expenditure budget and subsequent adjustments. When staff becomes aware that						
<b>Net Transfers</b> include both operating transfers from and to the General fund. Originally budgeted Net Transfers are adjusted when staff						
<b>Ending Reserves</b> are the estimated 8/30/05 General fund reserves at the time of budget adoption. Adjusted Ending Reserves is a						

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OCTOBER 3, 2006 RANCHO RANCHO PALOS VERDES CITY COUNCIL AGENDA -ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND AGENCY FOR EXPENSES INCURRED DURING FY05-06  
OCTOBER 3, 2006 RANCHO RANCHO PALOS VERDES CITY COUNCIL AGENDA -ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND AGENCY FOR EXPENSES INCURRED DURING FY05-06

## AGENDA ITEM

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: DIRECTOR OF FINANCE AND INFORMATION TECHNOLOGY**

**SUBJECT: ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND AGENCY FOR EXPENSES INCURRED DURING FY05-06**

**DATE: OCTOBER 3, 2006**

**Staff Coordinator: Gary Gyves, Senior Administrative Analyst**

**RECOMMENDATION:**

Receive and file this staff report, which provides information regarding the loan additions to the Rancho Palos Verdes Redevelopment Agency ("Agency") in the amount of \$80,498 for expenses incurred by the City during FY05-06. The Consolidated Loan Agreement dated December 1, 2003 authorizes the loan additions.

**EXECUTIVE SUMMARY:**

On December 1, 2003, the loan agreement between the City and Agency was revised to include the annual cost of resources provided by the City (i.e. Staff's time). Deputy City Attorney Robin Harris has recommended the preparation of an annual staff report to inform the City Council of loan additions authorized by the Consolidated Loan Agreement. Staff recommends additions to the consolidated loan balance for expenses incurred by the City during FY05-06 in the amount of \$80,498, which includes the following:

- The State mandated ERAF shift of \$58,444;
- The County property tax increment administration fee of \$12,126; and
- The cost of administrative services provided by the City to the Agency of \$9,928.

The additions to the consolidated loan balance are for expenditures made from the General fund of the City and will accrue interest as of July 1, 2006. The FY05-06 budget included the expectation of the General fund loan advances, as well as the reduction of General Fund Reserves. Because they are loans, rather than expenditures, no budget appropriation is necessary.

**BACKGROUND:**

The Agency was formed in 1984 with the purpose of financing long-term capital improvements (i.e. de-watering wells, Abalone Cove sewer system) designed to eliminate physical and economic blight in Project Area No. 1 through stabilization of hazardous landslides. The Agency's Project Area No. 1 was divided into two geographical areas: Abalone Cove and Portuguese Bend. The geographical areas are accounted for in separate funds of the Agency.

**Abalone Cove Fund Financing**

The Abalone Cove landslide abatement project of the Agency was initially financed by the issuance of \$10 million of County Improvement District Bonds (the "Bonds") in 1991. The Bonds were issued as part of the Reimbursement and Settlement ("Horan") Agreement entered into between the County, City, Agency and the Horan litigants in 1987. After payment of amounts previously owed the County and the City, approximately \$6.7 million of net bond proceeds were transferred to the Agency's Abalone Cove fund in 1991 to finance landslide abatement projects.

Under the terms of the bond restructuring in 1997, the County Bonds were repaid through the Agency's issuance of \$5,455,000 of tax allocation bonds (the "1997 RDA Bonds") and a lump sum payment of \$4,545,000 to the County. The lump sum payment was funded with \$2 million of accumulated tax increment, \$1 million of fund reserves from the Abalone Cove fund and a loan to the Abalone Cove fund by the City in the amount of \$1,545,000.

## Attachment C 88

As part of the 1997 bond restructuring, accrued interest on the original \$10 million County Bonds was recalculated at a lower interest rate (5 percent vs. 7.7654 percent per the original Bonds) and deferred by the County. The deferred interest totaling \$3,111,400 is non-interest bearing and is subordinate to the payment of the 1997 RDA Bonds. Per the terms of the 1997 bond restructuring, the County began impounding all Agency tax increment in November 1997 for repayment of the \$5,455,000 1997 RDA Bonds and the \$3,111,400 deferred interest debt. As of June 30, 2006, \$1,198,324 of tax increment has been impounded and applied as a reduction of deferred interest.

The City and the Abalone Cove fund of the Agency entered into a Loan Agreement, dated November 30, 1997, when the City advanced \$1,545,000 to the Abalone Cove fund as a part of the 1997 bond restructuring. An additional \$12,000 loan was made from the City to the Abalone Cove fund in FY02-03 to perform miscellaneous Abalone Cove Sewer site restoration activities. On December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency. Principal owed the City by the Abalone Cove fund was \$1,756,833 as of June 30, 2006. Including accrued interest of \$1,223,766, the total amount owed to the City by the Abalone Cove fund was \$2,980,599 as of June 30, 2006. The Consolidated Loan Agreement between the City and the Agency continues to be subordinate to the payment of the 1997 RDA Bonds and deferred interest debt.

The Abalone Cove sewer project was completed during FY02-03 and the system is operational. With the completion of the sewer project, the Abalone Cove fund was depleted. Any future Abalone Cove Agency projects will require funding by the City.

#### Portuguese Bend Fund Financing

While the Abalone Cove fund of the Agency has primarily relied upon bond proceeds to finance landslide abatement projects, the Portuguese Bend fund of the Agency relies on the City to finance its landslide projects. The City and the Portuguese Bend fund of the Agency first entered into a Loan Agreement, dated July 1, 1990, when the City began making advances to fund landslide projects in the Portuguese Bend area of the Agency. Between 1990 and 2000, a total of \$4,320,552 was advanced from the City to the Portuguese Bend fund. As noted above, on December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency.

Principal owed the City by the Portuguese Bend fund was \$4,320,552 as of June 30, 2006. Including accrued interest of \$6,392,705, the total amount owed to the City by the Portuguese Bend fund was \$10,713,257 as of June 30, 2006.

#### Purpose of Consolidated Loan Agreement Between the City and Agency

Property values, and therefore tax increment growth, have increased significantly over the last ten years. If property values continue to grow, there may be sufficient tax increment to repay a portion of the Agency's debt to the City after the Agency's debt to the County is repaid in full.

Staff has prepared an analysis titled Tax Increment Projections & Debt Service Schedule (see Attachment A). The analysis includes the Agency's debt service schedule, as well as estimated Agency tax increment projections. The first five years of the analysis use the same property value growth rates and interest rates as presented in the 2006 Financial Model. The analysis indicates that as much as \$12.4 million may become available to repay the Agency's debt to the City, before the Agency's ability to collect tax increment expires in 2034.

#### Recommendation to Add FY05-06 ERAF Shift and Administrative Costs to Consolidated Loan Balance

In the event that sufficient tax increment becomes available to repay the City a portion, or all of the loan amount, the Consolidated Loan Agreement between the City and the Agency captures the cost of resources provided by the City, including: 1) Any ERAF shifts paid from the City's General fund; 2) Annual County administrative fees paid from the City's General fund; and 3) Administrative services and facilities (e.g. staff time, equipment usage, insurance, facilities, and incidental administrative expenses such as printing costs).

The State of California enacted law (Chapter 610, Statutes of 2004) requiring California redevelopment agencies to shift \$250 million of property tax increment to K-12 schools and community colleges during FY04-05 and FY05-06. The state Director of Finance determined the Agency was required to transfer \$58,444 to the ERAF by May 10, 2006. The Agency was unable to make the required ERAF payment; and therefore, as required by State law, the City's General fund paid the required shift of \$58,444. Considering the continued California budget crisis, the Agency should expect additional future ERAF shifts. The Consolidated Loan Agreement provides a mechanism to add ERAF shifts to the consolidated loan balance between the City and Agency.

The County continues to charge an annual fee to administer the Agency's tax increment. The Agency's Debt Service fund has no cash to pay the annual fee; therefore, the City's General fund must pay for it on behalf of the Agency. The

## Attachment C 89

Consolidated Loan Agreement provides a mechanism to add the annual fee to the loan balance between the City and Agency.

Per the Consolidated Loan Agreement, each July 1st, the City's department heads confirm the level of service provided to the Agency during the fiscal year just ended. Staff calculates the total cost of services provided to the Agency and amounts remitted on behalf of the Agency for addition to the consolidated loan balance. It would not have been appropriate to charge the cost of administrative services provided by the City before the Agency's capital improvement projects were complete.

The FY05-06 cost of services to be added to the consolidated loan balance in FY06-07 is \$80,498, which includes:

1. The State mandated ERAF shift of \$58,444;
2. The County fee of \$12,126 for administering the Agency's property tax increment; and
3. The cost of administrative services provided by the City to the Agency of \$9,928.

Interest on the advance between the City and Agency continues to be based upon the interest rate earned by the City's Local Agency Investment Fund (LAIF) deposits plus three percent. The consolidated loan balance is subordinate to the 1997 RDA Bonds and the deferred interest debt owed to the County.

**FISCAL IMPACT:**

The additional advance of \$80,498 was drawn from General fund reserves. The calculation of estimated General fund reserves is presented in Attachment B labeled "FY06-07 Statement of Estimated General Fund Reserves". A budget adjustment was not required to record the advance in the City's general ledger.

Respectfully submitted,

Dennis McLean  
Director of Finance and Information Technology

Reviewed:

Les Evans  
City Manager

CITY OF RANCHO PALOS VERDES REDEVELOPMENT AGENCY													ATTACHMENT A		
FY06-07 TAX INCREMENT PROJECTIONS & DEBT SERVICE SCHEDULE															
Actual/Proj.	Plan Year	Fiscal Year	Tax Increment Growth Rate	Tax Increment Net of 20% Housing Set - Aside	1997 RDA Bonds Debt Service (P&I)	Fire Authority Pass-Thru	Total Outflows	Excess Tax Increment	Cumulative Excess Tax Increment Applied to Deferred Interest Debt	Remaining Tax Increment to Pay City Loans/ ERAF/Admin. Costs	City Loans Principal (A)	City Loans Interest****	City Loans Total		
A	B	C	D	E	F	G	F + G = H	E - H = I	I to 3,111,400 = J	I - J = K	L	N * int. rate = M	M + N - K = N		
<b>Cumulative 85-86 to 00-01</b>									<b>291,832</b>		<b>5,865,552</b>		<b>10,218,920</b>		
Actual	17	2001-02		500,194	272,750	103,740	376,490	115,352	407,184	-	-	657,077	10,875,997		
Actual	18	2002-03		559,893	272,750	117,835	390,585	169,561	576,744	-	12,000	563,465	11,451,482		
Actual	19	2003-04		582,033	272,750	120,850	393,600	188,399	765,134	-	40,355	532,287	12,024,124		
Actual	20*	2004-05		592,869	277,625	125,114	402,739	192,288	957,431	-	60,907	632,400	12,717,431		
Actual	21	2005-06		674,431	287,125	142,449	429,574	240,893	1,198,324	-	98,571	877,853	13,693,855		
Proj.	22	2006-07	4.25%	703,094	296,125	148,503	444,628	258,466	1,456,790	-	80,498	992,804	14,767,157		
Proj.	23	2007-08	4.50%	734,734	309,500	155,186	464,686	270,048	1,726,838	-	-	1,107,537	15,874,694		
Proj.	24	2008-09	4.75%	769,633	323,125	162,557	485,682	283,951	2,010,789	-	-	1,230,289	17,104,983		
Proj.	25	2009-10	5.00%	808,115	330,125	170,685	500,810	307,305	2,318,094	-	-	1,368,399	18,473,382		
Proj.	26	2010-11	5.25%	850,541	345,375	179,646	525,021	325,520	2,643,615	-	-	1,524,054	19,997,436		
Proj.	27	2011-12	2.00%	867,552	355,750	183,239	538,989	328,563	2,972,178	-	-	999,872	20,997,308		
Proj.	28	2012-13	2.00%	884,903	370,250	186,904	557,154	327,749	3,111,400	188,527	-	1,049,865	21,858,646		
Proj.	29	2013-14	2.00%	902,601	378,875	190,642	569,517	333,084	-	-	-	1,092,932	22,618,494		
Proj.	30	2014-15	2.00%	920,653	391,625	194,455	586,080	334,574	-	-	334,574	1,130,925	23,414,845		
Proj.	31	2015-16	2.00%	939,066	408,250	198,344	606,594	332,473	-	-	332,473	1,170,742	24,253,115		
Proj.	32	2016-17	2.00%	957,847	418,750	202,311	621,061	336,787	-	-	336,787	1,212,656	25,128,983		
Proj.	33	2017-18	2.00%	977,004	438,000	206,357	644,357	332,648	-	-	332,648	1,256,449	26,052,785		
Proj.	34	2018-19	2.00%	998,545	450,875	210,484	661,359	335,186	-	-	335,186	1,302,639	27,020,239		
Proj.	35	2019-20	2.00%	1,016,475	462,500	214,694	677,194	339,282	-	-	339,282	1,351,012	28,031,969		
Proj.	36	2020-21	2.00%	1,036,905	477,750	218,987	696,737	340,067	-	-	340,067	1,401,598	29,093,500		
Proj.	37	2021-22	2.00%	1,057,541	496,375	223,367	719,742	337,799	-	-	337,799	1,454,675	30,210,376		
Proj.	38	2022-23	2.00%	1,078,692	513,250	227,835	741,085	337,607	-	-	337,607	1,510,519	31,383,287		
Proj.	39	2023-24	2.00%	1,100,266	528,375	232,391	760,766	339,499	-	-	339,499	1,569,164	32,612,952		
Proj.	40**	2024-25	2.00%	1,122,271	541,750	237,039	778,789	343,482	-	-	343,482	1,630,648	33,900,118		
Proj.	41	2025-26	2.00%	1,144,716	563,125	241,780	804,905	339,812	-	-	339,812	1,695,006	35,255,312		
Proj.	42	2026-27	2.00%	1,167,611	577,375	246,615	823,990	343,620	-	-	343,620	1,762,766	36,674,457		
Proj.	43	2027-28	2.00%	1,190,963	594,500	251,548	846,048	344,915	-	-	344,915	1,833,723	38,163,265		
Proj.	44	2028-29	2.00%	1,214,782	-	256,579	256,579	958,204	-	-	958,204	1,908,163	39,113,225		
Proj.	45	2029-30	2.00%	1,239,078	-	261,710	261,710	977,368	-	-	977,368	1,955,661	40,091,518		
Proj.	46	2030-31	2.00%	1,263,859	-	266,944	266,944	996,915	-	-	996,915	2,004,576	41,099,179		
Proj.	47	2031-32	2.00%	1,289,137	-	272,283	272,283	1,016,853	-	-	1,016,853	2,054,959	42,137,265		
Proj.	48	2032-33	2.00%	1,314,919	-	277,729	277,729	1,037,190	-	-	1,037,190	2,106,864	43,206,959		
Proj.	49	2033-34	2.00%	1,341,218	-	283,284	283,284	1,057,934	-	-	1,057,934	2,160,348	44,309,373		
Proj.	50***	2034-35	2.00%	1,368,042	-	288,949	288,949	1,079,093	-	-	1,079,093	2,215,469	45,445,748		
<b>TOTALS</b>				<b>33,168,084</b>	<b>10,954,625</b>	<b>7,001,033</b>	<b>17,955,658</b>	<b>15,202,487</b>	<b>3,111,400</b>	<b>12,382,918</b>	<b>6,157,883</b>	<b>51,670,784</b>			

**Notes:**  
 \* The Agency's ability to issue debt expired on November 27, 2004 (based on AB 1290).  
 \*\* The Redevelopment Plan expires in 2024.  
 \*\*\* The Agency's ability to collect tax increment expires in 2034.  
 \*\*\*\* Interest is based upon rate earned by LAIF plus three percent. Estimated at 7.25% in 2006-07, 7.5% in 2007-08, 7.75% in FY2008-09, 8% in FY2009-10, 8.25% in FY2010-11 and 5% thereafter.  
 (A) Includes the total loans made to both the Portuguese Bend fund and the Abalone Cove fund, which also includes annual costs associated with ERAF shifts, County property tax administration, and City administration.

ATTACHMENT B

FY06-07 STATEMENT OF ESTIMATED GENERAL FUND RESERVES

	Action Date	Beginning Reserves	Revenues	Expenditures	Net Transfers	Ending Reserves
Budget Adoption (estimate)	6/6/2006	12,320,810	17,410,500	(14,370,127)	(4,898,553)	10,462,630
Changes:						
FAC Pension/Benefit Assignment Consulting	6/6/2006	(25,000)				
Ponteverde Storm Drain	6/20/2006	(157,792)				
Purchase Tarragon Road Property	6/20/2006	(900,000)			1,200,000	
City Manager Recruitment	8/15/2006			(27,400)		
Design & Construct Conestoga Trail	8/15/2006				(8,500)	
Construction & Maintenance of Trail Connection between PMC & Oceanfront Estates	8/15/2006			(2,000)	(20,000)	
PVNet Modular Building Maintenance/Utilities	9/5/2006			(41,950)		
Cox Cable Franchise Fee Review	9/5/2006			(25,000)		
<b>Revised Estimates</b>		<b>11,238,018</b>	<b>17,410,500</b>	<b>(14,466,477)</b>	<b>(3,727,053)</b>	<b>10,454,988</b>
Reserve Policy Level						8,705,250
Reserves in Excess of Policy Level					120%	1,749,738

**Column Heading Definitions**

**Action Date** is the date City Council adopted the budget or an adjustment to the budget.

**Beginning Reserves** are the estimated 7/1/06 General fund reserves at the time of budget adoption.

**Revenues** include the originally adopted revenue budget and subsequent adjustments. When staff becomes aware that revenues are expected to significantly deviate from the adopted budget, an adjustment is presented to the City Council for approval.

**Expenditures** include the originally adopted expenditure budget and subsequent adjustments. When staff becomes aware that expenditures of a program are expected to significantly deviate from the adopted budget, an adjustment is presented to the City Council for approval.

**Net Transfers** include both operating transfers from and to the General fund. Originally budgeted Net Transfers are adjusted when staff becomes aware that an additional operating transfer is needed to satisfy an unanticipated shortfall within another fund; and that shortfall must be funded with General fund monies.

**Ending Reserves** are the estimated 6/30/06 General fund reserves at the time of budget adoption. Adjusted Ending Reserves is a calculation based on subsequent adjustments to Beginning Reserves, Revenues, Expenditures and Net Transfers.

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September 4, 2007 RANCHO RANCHO PALOS VERDES CITY COUNCIL AGENDA-ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND AGENCY FOR EXPENSES INCURRED DURING FY06-07 September 4, 2007 RANCHO RANCHO PALOS VERDES CITY COUNCIL AGENDA-ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND AGENCY FOR EXPENSES INCURRED DURING FY06-07

## AGENDA ITEM

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: DIRECTOR OF FINANCE AND INFORMATION TECHNOLOGY**

**SUBJECT: ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND AGENCY FOR EXPENSES INCURRED DURING FY06-07**

**DATE: SEPTEMBER 4, 2007**

Staff Coordinator: Gary Gyves, Senior Administrative Analyst

### RECOMMENDATION:

Receive and file this staff report, which provides information regarding the loan additions to the Rancho Palos Verdes Redevelopment Agency in the amount of \$22,207 for expenses incurred by the City during FY06-07. The Consolidated Loan Agreement dated December 1, 2003 authorizes the loan additions.

### EXECUTIVE SUMMARY:

On December 1, 2003, the loan agreement between the City and the Rancho Palos Verdes Redevelopment Agency (Agency) was revised to include the annual cost of resources provided by the City (i.e. Staff's time). Deputy City Attorney Robin Harris has recommended the preparation of an annual staff report to inform the City Council of loan additions authorized by the Consolidated Loan Agreement. Staff recommends additions to the consolidated loan balance for expenses incurred by the City during FY06-07 in the amount of \$22,207, which includes the following:

1. The County of Los Angeles property tax increment administration fee of \$10,853; and
2. The cost of administrative services provided by the City to the Agency of \$11,354.

The additions to the consolidated loan balance are for expenditures made from the General fund of the City and will accrue interest as of July 1, 2007.

### BACKGROUND:

The Agency was formed in 1984 with the purpose of financing long-term capital improvements (i.e. de-watering wells, Abalone Cove sewer system) designed to eliminate physical and economic blight in Project Area No. 1 through stabilization of hazardous landslides. The Agency's Project Area No. 1 was divided into two geographical areas: Abalone Cove and Portuguese Bend. The geographical areas are accounted for in separate funds of the Agency.  
Abalone Cove Fund Financing

The Abalone Cove landslide abatement project of the Agency was initially financed by the issuance of \$10 million of County Improvement District Bonds (the "Bonds") in 1991. The Bonds were issued as part of the Reimbursement and Settlement ("Horan") Agreement entered into between the County, City, Agency and the Horan litigants in 1987. After payment of amounts previously owed the County and the City, approximately \$6.7 million of net bond proceeds were transferred to the Agency's Abalone Cove fund in 1991 to finance landslide abatement projects.

Under the terms of the bond restructuring in 1997, the County Bonds were repaid through the Agency's issuance of \$5,455,000 of tax allocation bonds (the "1997 RDA Bonds") and a lump sum payment of \$4,545,000 to the County. The lump sum payment was funded with \$2 million of accumulated tax increment, \$1 million of fund reserves from the Abalone Cove fund and a loan to the Abalone Cove fund by the City in the amount of \$1,545,000.

As part of the 1997 bond restructuring, accrued interest on the original \$10 million County Bonds was recalculated at a lower interest rate (5 percent vs. 7.77 percent per the original Bonds) and deferred by the County. The deferred interest totaling \$3,111,400 is non-interest bearing and is subordinate to the payment of the 1997 RDA Bonds. Per the terms of the 1997 bond restructuring, the County began impounding all Agency tax increment in November 1997 for repayment of the \$5,455,000 1997 RDA Bonds and the \$3,111,400 deferred interest debt. As of June 30, 2007, \$1,316,309 of tax increment has been impounded for the reduction of deferred interest debt.

## Attachment C 93

The City and the Abalone Cove fund of the Agency entered into a Loan Agreement, dated November 30, 1997, when the City advanced \$1,545,000 to the Abalone Cove fund as a part of the 1997 bond restructuring. An additional \$12,000 loan was made from the City to the Abalone Cove fund in FY02-03 to perform miscellaneous Abalone Cove Sewer site restoration activities. On December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency. Principal owed the City by the Abalone Cove fund was \$1,837,331 as of June 30, 2007. Including accrued interest of \$1,466,954, the total amount owed to the City by the Abalone Cove fund was \$3,304,285 as of June 30, 2007. The Consolidated Loan Agreement between the City and the Agency continues to be subordinate to the payment of the 1997 RDA Bonds and deferred interest debt.

The Abalone Cove sewer project was completed during FY02-03 and the system is operational. With the completion of the sewer project, the Abalone Cove fund was depleted. Any future Abalone Cove Agency projects will require funding by the City.

#### Portuguese Bend Fund Financing

While the Abalone Cove fund of the Agency has primarily relied upon bond proceeds to finance landslide abatement projects, the Portuguese Bend fund of the Agency relies on the City to finance its landslide projects. The City and the Portuguese Bend fund of the Agency first entered into a Loan Agreement, dated July 1, 1990, when the City began making advances to fund landslide projects in the Portuguese Bend area of the Agency. Between 1990 and 2000, a total of \$4,320,552 was advanced from the City to the Portuguese Bend fund. As noted above, on December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency.

Principal owed the City by the Portuguese Bend fund was \$4,320,552 as of June 30, 2007. Including accrued interest of \$7,262,630, the total amount owed to the City by the Portuguese Bend fund was \$11,583,182 as of June 30, 2007.

#### **Purpose of the Consolidated Loan Agreement between the City and Agency**

Property values, and therefore tax increment growth, have increased significantly over the last ten years. If property values continue to grow, there may be sufficient tax increment to repay a portion of the Agency's debt to the City after the Agency's debt to the County is repaid in full.

Staff has prepared an analysis titled FY07-08 Tax Increment Projections & Debt Service Schedule (see Exhibit A). The analysis includes the Agency's debt service schedule, as well as estimated Agency tax increment projections. The first five years of the analysis use the same property value growth rates and interest rates as presented in the 2007 Financial Model. The analysis indicates that as much as \$12.6 million may become available to repay the Agency's debt to the City, before the Agency's ability to collect tax increment expires in 2034.

#### Recommendation to Add Administrative Costs to Consolidated Loan Balance

In the event that sufficient tax increment becomes available to repay the City a portion, or all of the loan amount, the Consolidated Loan Agreement between the City and the Agency captures the cost of resources provided by the City, including: 1) Annual County administrative fees paid from the City's General fund; and 2) Administrative services and facilities (e.g. staff time, equipment usage, insurance, facilities, and incidental administrative expenses such as printing costs).

The County continues to charge an annual fee to administer the Agency's tax increment. The Agency's Debt Service fund has no cash to pay the annual fee; therefore, the City's General fund must pay for it on behalf of the Agency. The Consolidated Loan Agreement provides a mechanism to add the annual fee to the loan balance between the City and Agency.

Per the Consolidated Loan Agreement, each July 1st, the City's department heads confirm the level of service provided to the Agency during the fiscal year just ended. Staff calculates the total cost of services provided to the Agency and amounts remitted on behalf of the Agency for addition to the consolidated loan balance. It would not have been appropriate to charge the cost of administrative services provided by the City before the Agency's capital improvement projects were complete.

The FY06-07 cost of services to be added to the consolidated loan balance in FY07-08 is \$22,207, which includes:

1. The County fee of \$10,853 for administering the Agency's property tax increment; and
2. The cost of administrative services provided by the City to the Agency of \$11,354.

Interest on the advance between the City and Agency continues to be based upon the interest rate earned by the City's Local Agency Investment Fund (LAIF) deposits plus three percent. The consolidated loan balance is subordinate to the 1997 RDA Bonds and the deferred interest debt owed to the County.

#### FISCAL IMPACT:

Attachment C 94

The additional advance of \$22,207 was drawn from General fund reserves. The calculation of estimated General fund reserves is presented in Exhibit B labeled A budget adjustment was not required to record the advance in the City's general ledger.

Respectfully submitted,

Dennis McLean  
 Director of Finance and Information Technology

Reviewed:

Carolyn Lehr  
 City Manager

Exhibits:

Exhibit A - Tax Increment Projections & Debt Service Schedule  
 Exhibit B - FY07-08 Statement of Estimated General Fund Reserves

**CITY OF RANCHO PALOS VERDES REDEVELOPMENT AGENCY  
 FY07-08 TAX INCREMENT PROJECTIONS & DEBT SERVICE SCHEDULE**

EXHIBIT A

Actual/Plan Proj./Year	Fiscal Year	Tax Increment Growth Rate	Tax Increment Net of 20% Housing Set - Aside	1997 RDA Bonds Debt Service (P&I)	Fire Authority Pass-Thru	Total Outflows	Excess Tax Increment Available for Deferred Interest Debt	Cumulative Excess Tax Increment Available for Deferred Interest Debt	Remaining Tax Increment to Pay City Loans/ ERAF Admin. Costs	City Loans Principal	City Loans Interest	City Loans Total	
A	B	C	D	E	F	G	H = F + G	I = H - E	J = I to 3,111,400 = K	L = Ex. TI > 3,111,400 = K	M = N * int. rate = M	N = L + M - K = N	
Cumulative 85-86 to 05-06								1,047,074					
Actual	22	2006-07		716,870	296,125	151,510	447,635	269,235	1,316,309	-	80,498	1,118,489	14,887,468
Proj.	23	2007-08	6.00%	769,892	309,500	160,801	470,101	289,782	1,606,091	-		1,190,997	16,079,466
Proj.	24	2008-09	5.00%	797,876	323,125	168,631	491,756	306,121	1,912,212	-		1,326,473	17,404,939
Proj.	25	2009-10	4.00%	829,791	330,125	175,376	505,501	324,291	2,236,502	-		1,479,420	18,884,359
Proj.	26	2010-11	3.00%	854,685	345,375	180,637	526,012	328,673	2,565,175	-		1,605,170	20,489,529
Proj.	27	2011-12	3.00%	880,326	355,750	186,056	541,806	338,519	2,903,694	-		1,741,610	22,231,139
Proj.	28	2012-13	2.00%	897,932	370,250	189,777	560,027	337,905	3,111,400	130,199		1,111,557	23,212,497
Proj.	29	2013-14	2.00%	915,891	378,875	193,573	572,448	343,443	-	343,443		1,160,625	24,029,679
Proj.	30	2014-15	2.00%	934,209	391,625	197,444	589,069	345,139	-	345,139		1,201,484	24,886,023
Proj.	31	2015-16	2.00%	952,893	408,250	201,393	609,643	343,250	-	343,250		1,244,301	25,787,075
Proj.	32	2016-17	2.00%	971,951	418,750	205,421	624,171	347,780	-	347,780		1,289,354	26,728,649
Proj.	33	2017-18	2.00%	991,390	438,000	209,530	647,530	343,860	-	343,860		1,336,432	27,721,222
Proj.	34	2018-19	2.00%	1,011,217	450,875	213,720	664,595	346,622	-	346,622		1,386,061	28,760,680
Proj.	35	2019-20	2.00%	1,031,442	462,500	217,995	680,495	350,947	-	350,947		1,439,033	29,847,746
Proj.	36	2020-21	2.00%	1,052,071	477,750	222,354	700,104	351,966	-	351,966		1,492,387	30,988,167
Proj.	37	2021-22	2.00%	1,073,112	496,375	226,802	723,177	349,936	-	349,936		1,549,408	32,187,640
Proj.	38	2022-23	2.00%	1,094,574	513,250	231,338	744,588	349,987	-	349,987		1,609,382	33,447,035
Proj.	39	2023-24	2.00%	1,116,466	528,375	235,964	764,339	352,126	-	352,126		1,672,352	34,767,261
Proj.	40**	2024-25	2.00%	1,138,795	541,750	240,684	782,434	356,362	-	356,362		1,739,363	36,149,262
Proj.	41	2025-26	2.00%	1,161,571	563,125	245,497	808,622	352,949	-	352,949		1,807,463	37,603,777
Proj.	42	2026-27	2.00%	1,184,802	577,375	250,407	827,782	357,020	-	357,020		1,880,189	39,126,945
Proj.	43	2027-28	2.00%	1,208,498	594,500	255,415	849,915	358,583	-	358,583		1,956,347	40,724,709
Proj.	44	2028-29	2.00%	1,232,668	-	260,524	260,524	972,145	-	972,145		2,036,235	41,788,800
Proj.	45	2029-30	2.00%	1,257,322	-	265,734	265,734	991,588	-	991,588		2,089,440	42,886,652
Proj.	46	2030-31	2.00%	1,282,468	-	271,049	271,049	1,011,419	-	1,011,419		2,144,333	44,019,565
Proj.	47	2031-32	2.00%	1,308,118	-	276,470	276,470	1,031,648	-	1,031,648		2,200,978	45,188,896
Proj.	48	2032-33	2.00%	1,334,280	-	281,999	281,999	1,052,281	-	1,052,281		2,259,445	46,396,060
Proj.	49	2033-34	2.00%	1,360,966	-	287,639	287,639	1,073,326	-	1,073,326		2,319,003	47,642,536
Proj.	50***	2034-35	2.00%	1,388,185	-	293,392	293,392	1,094,793	-	1,094,793		2,382,127	48,929,870
TOTALS				30,740,251	9,571,625	6,496,932	16,068,557	14,671,694	3,111,400	12,607,369	6,152,852	55,384,387	

Notes:

\* The Agency's ability to issue debt expired on November 27, 2004 (based on AB 1290).

\*\* The Redevelopment Plan expires in 2024.

\*\*\* The Agency's ability to collect tax increment expires in 2034.

\*\*\*\* Includes the total loans made to both the Portuguese Bend fund and the Abalone Cove fund, which also includes annual costs associated with ERAF shifts, County property tax administration, and City administration.

\*\*\*\*\* Interest is based upon the rate earned by LAIF plus three percent. Estimated at 8% in FY07-08, 8.25% in FY08-09, 8.5% in FY09-10 through FY11-12 and 5% thereafter.

## EXHIBIT B

## FY07-08 STATEMENT OF GENERAL FUND RESERVES

	Action Date	Beginning Reserves	Revenues	Expenditures	Net Transfers	Ending Reserves
Budget Adoption (estimate)	6/19/2007	12,591,056	18,699,650	(16,250,354)	(5,214,270)	9,826,082
Adjustments:						
PVDS/PVDE Landscape Improvements	7/17/2007				(7,000)	
Trail Improvements - 4th District Grant Match	8/7/2007				(15,000)	
Via Rivera Traffic Calming Devices	8/7/2007			(5,954)		
Mossbank Storm Drain Rehabilitation	8/21/2007				(170,000)	
Revised Estimates		12,591,056	18,699,650	(16,256,308)	(5,406,270)	9,628,128
Reserve Policy Level						9,349,825
Reserves in Excess of Policy Level					103%	278,303

**Column Heading Definitions**

**Action Date** is the date City Council adopted the budget or approved an adjustment to the budget.

**Beginning Reserves** are the estimated 7/1/07 General fund reserves at the time of budget adoption.

**Revenues** include the originally adopted revenue budget and subsequent adjustments. When staff becomes aware that revenues are expected to significantly deviate from the adopted budget, an adjustment is presented to the City Council for approval.

**Expenditures** include the originally adopted expenditure budget and subsequent adjustments. When staff becomes aware that expenditures of a program are expected to significantly deviate from the adopted budget, an adjustment is presented to the City Council for approval.

**Net Transfers** include both operating transfers from and to the General fund. Originally budgeted Net Transfers are adjusted when staff becomes aware that an additional operating transfer is needed to satisfy an unanticipated shortfall within another fund; and that shortfall must be funded with General fund monies.

**Ending Reserves** are the estimated 6/30/08 General fund reserves at the time of budget adoption. Adjusted Ending Reserves is a calculation based on subsequent adjustments to Beginning Reserves, Revenues, Expenditures and Net Transfers.



## MEMORANDUM

**TO:** HONORABLE MAYOR & CITY COUNCIL MEMBERS

**FROM:** DENNIS McLEAN, DIRECTOR OF FINANCE & INFORMATION TECHNOLOGY

**DATE:** AUGUST 5, 2008

**SUBJECT:** ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND REDEVELOPMENT AGENCY FOR EXPENSES INCURRED DURING FY07-08

**REVIEWED:** CAROLYN LEHR, CITY MANAGER

Project Manager: Kathryn Downs, Deputy Director of Finance & Information Technology

### RECOMMENDATION

Receive and file this staff report, which provides information regarding FY08-09 loan additions to the Rancho Palos Verdes Redevelopment Agency in the amount of \$44,485 for expenses incurred by the City during FY07-08. The Consolidated Loan Agreement dated December 1, 2003 authorizes the loan additions.

### EXECUTIVE SUMMARY

On December 1, 2003, the loan agreement between the City and the Rancho Palos Verdes Redevelopment Agency (Agency) was revised to include the annual cost of resources provided by the City. The City Attorney's Office has recommended the preparation of an annual staff report to inform the City Council of loan additions authorized by the Consolidated Loan Agreement. Staff recommends FY08-09 additions to the consolidated loan balance for expenses incurred by the City during FY07-08 in the amount of \$44,485, which includes the following:

- The County of Los Angeles property tax increment administration fee of \$16,492; and
- The cost of administrative services provided by the City to the Agency of \$27,993, which includes only staff time.

**ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND REDEVELOPMENT AGENCY FOR EXPENSES INCURRED DURING FY07-08**

Page 2 of 4

The FY08-09 additions to the consolidated loan balance are for expenditures made from the General fund of the City and will accrue interest as of July 1, 2008. The FY08-09 budget included the expectation that the General fund would advance an additional \$16,500 during FY08-09. Because the advances are loans, rather than expenditures, no budget appropriation is necessary.

**BACKGROUND**

The Agency was formed in 1984 with the purpose of financing long-term capital improvements (i.e. de-watering wells, Abalone Cove sewer system) designed to eliminate physical and economic blight in Project Area No. 1 through stabilization of hazardous landslides. The Agency's Project Area No. 1 was divided into two geographical areas: Abalone Cove and Portuguese Bend. The geographical areas are accounted for in separate funds of the Agency.

**Abalone Cove Fund Financing**

The Abalone Cove landslide abatement project of the Agency was initially financed by the issuance of \$10 million of County Improvement District Bonds (the "Bonds") in 1991. The Bonds were issued as part of the Reimbursement and Settlement ("Horan") Agreement entered into between the County, City, Agency and the Horan litigants in 1987. After payment of amounts previously owed the County and the City, approximately \$6.7 million of net bond proceeds were transferred to the Agency's Abalone Cove fund in 1991 to finance landslide abatement projects.

Under the terms of the bond restructuring in 1997, the County Bonds were repaid through the Agency's issuance of \$5,455,000 of tax allocation bonds (the "1997 RDA Bonds") and a lump sum payment of \$4,545,000 to the County. The lump sum payment was funded with \$2 million of accumulated tax increment, \$1 million of fund reserves from the Abalone Cove fund and a loan to the Abalone Cove fund by the City in the amount of \$1,545,000.

As part of the 1997 bond restructuring, accrued interest on the original \$10 million County Bonds was recalculated at a lower interest rate (5 percent vs. 7.77 percent per the original Bonds) and deferred by the County. The deferred interest debt totaling \$3,111,400 is non-interest bearing and is subordinate to the payment of the 1997 RDA Bonds. Per the terms of the 1997 bond restructuring, the County began impounding all Agency tax increment in November 1997 for repayment of the \$5,455,000 1997 RDA Bonds and the \$3,111,400 deferred interest debt. As of June 30, 2008, \$1,325,864 of tax increment has been impounded and applied to the deferred interest debt.

The City and the Abalone Cove fund of the Agency entered into a Loan Agreement, dated November 30, 1997, when the City advanced \$1,545,000 to the Abalone Cove fund as a part of the 1997 bond restructuring. An additional

**ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND REDEVELOPMENT AGENCY FOR EXPENSES INCURRED DURING FY07-08**

Page 3 of 4

\$12,000 loan was made from the City to the Abalone Cove fund in FY02-03 to perform miscellaneous Abalone Cove Sewer site restoration activities. On December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency. Principal owed the City by the Abalone Cove fund was \$1,854,507 as of June 30, 2008. Including accrued interest of \$1,717,488, the total amount owed to the City by the Abalone Cove fund was \$3,571,995 as of June 30, 2008. The Consolidated Loan Agreement between the City and the Agency continues to be subordinate to the payment of the 1997 RDA Bonds and deferred interest debt.

The Abalone Cove sewer project was completed during FY02-03 and the system is operational. With the completion of the sewer project, the Abalone Cove fund was depleted. Any future Abalone Cove Agency projects will require funding by the City.

**Portuguese Bend Fund Financing**

While the Abalone Cove fund of the Agency has primarily relied upon bond proceeds to finance landslide abatement projects, the Portuguese Bend fund of the Agency relies on the City to finance its landslide projects. The City and the Portuguese Bend fund of the Agency first entered into a Loan Agreement, dated July 1, 1990, when the City began making advances to fund landslide projects in the Portuguese Bend area of the Agency. Between 1990 and 2000, a total of \$4,320,552 was advanced from the City to the Portuguese Bend fund. As noted above, on December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency.

Principal owed the City by the Portuguese Bend fund was \$4,320,552 as of June 30, 2008. Including accrued interest of \$8,117,498, the total amount owed to the City by the Portuguese Bend fund was \$12,438,050 as of June 30, 2008.

**Purpose of the Consolidated Loan Agreement between the City and Agency**

Property values, and therefore tax increment growth, have increased significantly over the last ten years. If property values continue to grow, there may be sufficient tax increment to repay a portion of the Agency's debt to the City after the Agency's debt to the County is repaid in full.

Staff has prepared an analysis titled FY08-09 Tax Increment Projections & Debt Service Schedule (see Exhibit A). The analysis includes the Agency's debt service schedule, as well as estimated Agency tax increment projections. The first five years of the analysis use the same property value growth rates and interest rates as presented in the 2008 Financial Model. The analysis indicates that as much as \$19.6 million may become available to repay the Agency's debt to the City, before

**ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND REDEVELOPMENT AGENCY FOR EXPENSES INCURRED DURING FY07-08**

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the Agency's ability to collect tax increment expires in 2034.

**DISCUSSION**

In the event that sufficient tax increment becomes available to repay the City a portion, or all of the loan amount, the Consolidated Loan Agreement between the City and the Agency captures the cost of resources provided by the City, including: 1) Annual County administrative fees paid from the City's General fund; and 2) Administrative services and facilities (e.g. staff time, equipment usage, insurance, facilities, and incidental administrative expenses such as printing costs).

The County continues to charge an annual fee to administer the Agency's tax increment. The Agency's Debt Service fund has no cash to pay the annual fee; therefore, the City's General fund must pay for it on behalf of the Agency. The Consolidated Loan Agreement provides a mechanism to add the annual fee to the loan balance between the City and Agency.

Per the Consolidated Loan Agreement, each July 1<sup>st</sup>, the City's department heads confirm the level of service provided to the Agency during the fiscal year just ended. Staff calculates the total cost of services provided to the Agency and amounts remitted on behalf of the Agency for addition to the consolidated loan balance. It would not have been appropriate to charge the cost of administrative services provided by the City before the Agency's capital improvement projects were complete.

The FY07-08 cost of services to be added to the consolidated loan balance in FY08-09 is \$44,485, which includes:

1. The County fee of \$16,492 for administering the Agency's property tax increment; and
2. The cost of administrative services provided by the City to the Agency of \$27,993, which includes only staff time.

Interest on the advance between the City and Agency continues to be based upon the interest rate earned by the City's Local Agency Investment Fund (LAIF) deposits plus three percent. The consolidated loan balance is subordinate to the 1997 RDA Bonds and the deferred interest debt owed to the County.

**FISCAL IMPACT**

The additional advance of \$44,485 was drawn from General fund reserves. As only \$16,500 was included in the FY08-09 budget for advances, Staff will include an additional \$27,985 decrease of General fund reserves in the "FY08-09 Statement of Estimated General Fund Reserves" (see Exhibit B). A budget adjustment was not required to record the advance in the City's general ledger.

EXHIBIT A

CITY OF RANCHO PALOS VERDES REDEVELOPMENT AGENCY  
FY08-09 TAX INCREMENT PROJECTIONS & DEBT SERVICE SCHEDULE

Actual/ Proj. Year	Plan Year	Fiscal Year	Tax Increment Growth Rate	Tax Increment Net of 20% Housing Set - Aside	1997 RDA Bonds Debt Service (P&I)	Fire Authority Pass-Thru	Total Outflows	Excess Tax Increment Applied to Deferred Interest Debt	Cumulative Excess Tax Increment Available for Deferred Interest Debt	Remaining Tax Increment to Pay City Loans/ ERAF/Admin. Costs	City Loans Principal (A)	City Loans Interest (B)	City Loans Total
A	B	C	D	E	F	G	F + G = H	E - H = I	I to 3,111,400 = J	Ex. TI > 3,111,400 = K	L	N * Int. rate = M	L + M - K = N
Cumulative	85-86	to 06-07							1,050,071		6,152,853	8,734,614	14,887,467
Actual	23	2007-08		817,553	309,500	172,943	482,443	335,110	1,385,181	-	22,207	1,100,371	16,010,045
Budget	24	2008-09	6.07%	867,178	323,125	183,441	506,566	360,613	1,745,794	-	44,485	880,552	16,935,082
Proj.	25	2009-10	5.00%	910,537	330,125	192,613	522,738	387,800	2,133,594	-	-	1,016,105	17,951,187
Proj.	26	2010-11	4.00%	946,959	345,375	200,317	545,692	401,267	2,534,860	-	-	1,166,827	19,118,015
Proj.	27	2011-12	3.00%	975,368	355,750	206,327	562,077	413,291	2,948,151	-	-	1,386,056	20,504,071
Proj.	28	2012-13	3.50%	1,009,506	370,250	213,548	583,798	425,707	3,111,400	282,459	-	1,537,805	21,779,417
Proj.	29	2013-14	3.50%	1,044,838	378,875	221,022	599,897	444,941	-	444,941	-	1,633,456	22,967,933
Proj.	30	2014-15	3.50%	1,081,408	391,625	228,758	620,383	461,024	-	461,024	-	1,722,595	24,229,503
Proj.	31	2015-16	3.50%	1,119,257	408,250	236,765	645,015	474,242	-	474,242	-	1,817,213	25,572,474
Proj.	32	2016-17	3.50%	1,158,431	418,750	245,051	663,801	494,629	-	494,629	-	1,917,936	26,995,780
Proj.	33	2017-18	3.50%	1,198,976	438,000	253,628	691,628	507,348	-	507,348	-	2,024,683	28,513,116
Proj.	34	2018-19	3.50%	1,240,940	450,875	262,505	713,380	527,560	-	527,560	-	2,138,484	30,124,040
Proj.	35	2019-20	3.50%	1,284,373	462,500	271,693	734,193	550,180	-	550,180	-	2,259,303	31,833,162
Proj.	36	2020-21	3.50%	1,329,326	477,750	281,202	758,952	570,374	-	570,374	-	2,387,487	33,650,276
Proj.	37	2021-22	3.50%	1,375,852	496,375	291,044	787,419	588,433	-	588,433	-	2,523,771	35,585,613
Proj.	38	2022-23	3.50%	1,424,007	513,250	301,231	814,481	609,527	-	609,527	-	2,668,921	37,645,008
Proj.	39	2023-24	3.50%	1,473,847	528,375	311,774	840,149	633,699	-	633,699	-	2,823,376	39,834,685
Proj.	40**	2024-25	3.50%	1,525,432	541,750	322,686	864,436	660,996	-	660,996	-	2,987,601	42,161,290
Proj.	41	2025-26	3.50%	1,578,822	563,125	333,980	897,105	681,717	-	681,717	-	3,162,097	44,641,669
Proj.	42	2026-27	3.50%	1,634,081	577,375	345,669	923,044	711,037	-	711,037	-	3,348,125	47,278,757
Proj.	43	2027-28	3.50%	1,691,274	594,500	357,768	952,268	739,006	-	739,006	-	3,545,907	50,085,658
Proj.	44	2028-29	3.50%	1,750,468	-	370,289	370,289	1,380,179	-	1,380,179	-	3,756,424	52,461,903
Proj.	45	2029-30	3.50%	1,811,735	-	383,250	383,250	1,428,485	-	1,428,485	-	3,934,643	54,968,061
Proj.	46	2030-31	3.50%	1,875,146	-	396,663	396,663	1,478,482	-	1,478,482	-	4,122,605	57,612,183
Proj.	47	2031-32	3.50%	1,940,776	-	410,547	410,547	1,530,229	-	1,530,229	-	4,320,914	60,402,867
Proj.	48	2032-33	3.50%	2,008,703	-	424,916	424,916	1,583,787	-	1,583,787	-	4,530,215	63,349,295
Proj.	49	2033-34	3.50%	2,079,007	-	439,788	439,788	1,639,220	-	1,639,220	-	4,751,197	66,461,273
Proj.	50***	2034-35	3.50%	2,151,773	-	455,180	455,180	1,696,592	-	1,696,592	-	4,984,595	69,749,276
<b>TOTALS</b>									<b>3,111,400</b>	<b>19,654,147</b>	<b>6,219,545</b>	<b>83,183,878</b>	

Notes:

\* The Agency's ability to issue debt expired on November 27, 2004 (based on AB 1290).

\*\* The Redevelopment Plan expires in 2024.

\*\*\* The Agency's ability to collect tax increment expires in 2034.

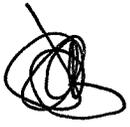
(A) Includes the total loans made to both the Portuguese Bend fund and the Abalone Cove fund, which also includes annual costs associated with ERAF shifts, County property tax administration, and City administration.

	Action Date	Beginning Reserves	Revenues	Expenditures	Net Transfers	Ending Reserves
Budget Adoption (estimate)	6/17/2008	12,065,298	19,680,563	(17,387,994)	(2,239,640)	12,118,227
Adjustments:						
Ginsburg Dedication Ceremony	7/1/2008			(14,000)		
Advance to Redevelopment Agency	8/5/2008				(27,985)	
Revised Estimates		12,065,298	19,680,563	(17,401,994)	(2,267,625)	12,076,242
Reserve Policy Level						9,840,282
Reserves in Excess of Policy Level					123%	2,235,961
<b>Column Heading Definitions</b>						
<b>Action Date</b> is the date City Council adopted the budget or approved an adjustment to the budget.						
<b>Beginning Reserves</b> are the budgeted 7/1/08 General fund reserves at the time of budget adoption.						
<b>Revenues</b> include the originally adopted revenue budget and subsequent adjustments. When staff becomes aware that revenues are expected to significantly deviate from the adopted budget, an adjustment is presented to the City Council for approval.						
<b>Expenditures</b> include the originally adopted expenditure budget and subsequent adjustments. When staff becomes aware that expenditures of a program are expected to significantly deviate from the adopted budget, an adjustment is presented to the City Council for approval.						
<b>Net Transfers</b> include both operating transfers from and to the General fund. Originally budgeted Net Transfers are adjusted when staff becomes aware that an additional operating transfer is needed to satisfy an unanticipated shortfall within another fund; and that shortfall must be funded with General fund monies.						
<b>Ending Reserves</b> are the estimated 6/30/09 General fund reserves at the time of budget adoption. Adjusted Ending Reserves is a calculation based on subsequent adjustments to Beginning Reserves, Revenues, Expenditures and Net Transfers.						



## MEMORANDUM

**TO:** HONORABLE CHAIR & BOARD MEMBERS

**FROM:** DENNIS McLEAN, DIRECTOR OF FINANCE & INFORMATION TECHNOLOGY 

**DATE:** MARCH 2, 2010

**SUBJECT:** ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND REDEVELOPMENT AGENCY FOR EXPENSES INCURRED DURING FY08-09

**REVIEWED:** CAROLYN LEHR, EXECUTIVE DIRECTOR 

Project Manager: Kathryn Downs, Deputy Director of Finance & Information Technology

### RECOMMENDATION

Receive and file this staff report, which provides information regarding FY09-10 loan additions to the Rancho Palos Verdes Redevelopment Agency in the amount of \$86,831 for expenses incurred by the City during FY08-09. The Consolidated Loan Agreement dated December 1, 2003 authorizes the loan additions.

### EXECUTIVE SUMMARY

On December 1, 2003, the loan agreement between the City and the Rancho Palos Verdes Redevelopment Agency (Agency) was revised to include the annual cost of resources provided by the City. The City Attorney's Office has recommended the preparation of an annual staff report to inform the City Council of loan additions authorized by the Consolidated Loan Agreement. Staff recommends FY09-10 additions to the consolidated loan balance for expenses incurred by the City during FY08-09 in the amount of \$86,831, which includes the following:

- The County of Los Angeles property tax increment administration fee of \$18,571; and
- The cost of administrative services provided by the City to the Agency of \$68,260, which includes only staff time.

**ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND REDEVELOPMENT AGENCY FOR EXPENSES INCURRED DURING FY08-09**

March 2, 2010

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Administrative staff time for FY08-09 includes management of the affordable housing condominium acquisitions and the Mirandela Senior Affordable Housing project.

The FY09-10 additions to the consolidated loan balance are for expenditures made from the General fund of the City and will accrue interest as of July 1, 2009. The FY09-10 budget included the expectation that the General fund would advance an additional \$45,800 during FY09-10. Because the advances are loans, rather than expenditures, no budget appropriation is necessary.

**BACKGROUND**

The Agency was formed in 1984 with the purpose of financing long-term capital improvements (i.e. de-watering wells, Abalone Cove sewer system) designed to eliminate physical and economic blight in Project Area No. 1 through stabilization of hazardous landslides. The Agency's Project Area No. 1 was divided into two geographical areas: Abalone Cove and Portuguese Bend. The geographical areas are accounted for in separate funds of the Agency.

**Abalone Cove Fund Financing**

The Abalone Cove landslide abatement project of the Agency was initially financed by the issuance of \$10 million of County Improvement District Bonds (the "Bonds") in 1991. The Bonds were issued as part of the Reimbursement and Settlement ("Horan") Agreement entered into between the County, City, Agency and the Horan litigants in 1987. After payment of amounts previously owed the County and the City, approximately \$6.7 million of net bond proceeds were transferred to the Agency's Abalone Cove fund in 1991 to finance landslide abatement projects.

Under the terms of the bond restructuring in 1997, the Bonds were repaid through the Agency's issuance of \$5,455,000 of tax allocation bonds (the "1997 RDA Bonds") and a lump sum payment of \$4,545,000 to the County. The lump sum payment was funded with \$2 million of accumulated tax increment, \$1 million of fund reserves from the Abalone Cove fund and a loan to the Abalone Cove fund by the City in the amount of \$1,545,000.

As part of the 1997 bond restructuring, accrued interest on the original \$10 million County Bonds was recalculated at a lower interest rate (5 percent vs. 7.77 percent per the original Bonds) and deferred by the County. The deferred interest debt totaling \$3,111,400 is non-interest bearing and is subordinate to the payment of the 1997 RDA Bonds. Per the terms of the 1997 bond restructuring, the County began impounding all Agency tax increment in November 1997 for repayment of the \$5,455,000 1997 RDA Bonds and the \$3,111,400 deferred interest debt. As of June 30, 2009, \$1,620,491 of tax increment has been impounded and applied to the deferred interest debt.

**ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND REDEVELOPMENT AGENCY FOR EXPENSES INCURRED DURING FY08-09**

March 2, 2010

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The City and the Abalone Cove fund of the Agency entered into a Loan Agreement, dated November 30, 1997, when the City advanced \$1,545,000 to the Abalone Cove fund as a part of the 1997 bond restructuring. An additional \$12,000 loan was made from the City to the Abalone Cove fund in FY02-03 to perform miscellaneous Abalone Cove Sewer site restoration activities. On December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency. Principal owed the City by the Abalone Cove fund was \$1,898,992 as of June 30, 2009. Including accrued interest of \$1,905,005, the total amount owed to the City by the Abalone Cove fund was \$3,803,997 as of June 30, 2009. The Consolidated Loan Agreement between the City and the Agency continues to be subordinate to the payment of the 1997 RDA Bonds and deferred interest debt.

The Abalone Cove sewer project was completed during FY02-03 and the system is operational. With the completion of the sewer project, the Abalone Cove fund was depleted. Any future Abalone Cove Agency projects will require funding by the City.

**Portuguese Bend Fund Financing**

While the Abalone Cove fund of the Agency has primarily relied upon bond proceeds to finance landslide abatement projects, the Portuguese Bend fund of the Agency relies on the City to finance its landslide projects. The City and the Portuguese Bend fund of the Agency first entered into a Loan Agreement, dated July 1, 1990, when the City began making advances to fund landslide projects in the Portuguese Bend area of the Agency. Between 1990 and 2000, a total of \$4,320,552 was advanced from the City to the Portuguese Bend fund. As noted above, on December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency.

Principal owed the City by the Portuguese Bend fund was \$4,320,552 as of June 30, 2009. Including accrued interest of \$8,762,421, the total amount owed to the City by the Portuguese Bend fund was \$13,082,973 as of June 30, 2009.

**Purpose of the Consolidated Loan Agreement between the City and Agency**

Property values, and therefore tax increment growth, have increased significantly over the last ten years. If property values continue to grow, there may be sufficient tax increment to repay a portion of the Agency's debt to the City after the Agency's debt to the County is repaid in full.

Staff has prepared an analysis titled FY09-10 Tax Increment Projections & Debt Service Schedule (see Exhibit A). The analysis includes the Agency's debt service schedule, as well as estimated Agency tax increment projections. The first five years of the analysis use the same property value growth rates and interest rates as

**ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND REDEVELOPMENT AGENCY FOR EXPENSES INCURRED DURING FY08-09**

March 2, 2010

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presented in the 2009 Financial Model. The analysis indicates that as much as \$24.7 million may become available to repay the Agency's debt to the City, before the Agency's ability to collect tax increment expires in 2034.

**DISCUSSION**

In the event that sufficient tax increment becomes available to repay the City a portion, or all of the loan amount, the Consolidated Loan Agreement between the City and the Agency captures the cost of resources provided by the City, including: 1) Annual County administrative fees paid from the City's General fund; and 2) Administrative services and facilities (e.g. staff time, equipment usage, insurance, facilities, and incidental administrative expenses such as printing costs).

The County continues to charge an annual fee to administer the Agency's tax increment. The Agency's Debt Service fund has no cash to pay the annual fee; therefore, the City's General fund must pay for it on behalf of the Agency. The Consolidated Loan Agreement provides a mechanism to add the annual fee to the loan balance between the City and Agency.

Per the Consolidated Loan Agreement, each July 1<sup>st</sup>, the City's department heads confirm the level of service provided to the Agency during the fiscal year just ended. Staff calculates the total cost of services provided to the Agency and amounts remitted on behalf of the Agency for addition to the consolidated loan balance. It would not have been appropriate to charge the cost of administrative services provided by the City before the Agency's capital improvement projects were complete.

The FY08-09 cost of services to be added to the consolidated loan balance in FY09-10 is \$86,831, which includes:

1. The County fee of \$18,571 for administering the Agency's property tax increment; and
2. The cost of administrative services provided by the City to the Agency of \$68,260, which includes only staff time.

Interest on the advance between the City and Agency continues to be based upon the interest rate earned by the City's Local Agency Investment Fund (LAIF) deposits plus three percent. The consolidated loan balance is subordinate to the 1997 RDA Bonds and the deferred interest debt owed to the County.

**FISCAL IMPACT**

The advance of \$86,831 is a balance sheet transaction and will not affect General fund reserve. No budget adjustment is required.

**Attachments:**

Exhibit A - FY09-10 Tax Increment Projections & Debt Service Schedule

**CITY OF RANCHO PALOS VERDES REDEVELOPMENT AGENCY  
FY09-10 TAX INCREMENT PROJECTIONS & DEBT SERVICE SCHEDULE**

EXHIBIT A

Actual/ Proj.	Plan Year	Fiscal Year	Tax Increment Growth Rate	Tax Increment Net of 20% Housing Set - Aside	1997 RDA Bonds Debt Service (P&I)	Fire Authority Pass-Thru	Deferred Interest Debt	Total Outflows	Excess Tax Increment Available	City Loans Principal (A)	City Loans Interest (B)	City Loans Total
A	B	C	D	E	F	G	H	F + G + H = I	E - I = J	L	N * int. rate = M	L + M = N
<b>Cumulative 85-86 to 07-08</b>							<b>1,325,864</b>			<b>6,175,060</b>	<b>9,834,985</b>	<b>16,010,045</b>
Actual	24	2008-09		900,840	309,500	187,211	294,627	791,338	109,502	44,485	832,441	16,886,971
Budget	25	2009-10	6.70%	961,196	323,125	204,254	354,606	881,985	79,211	86,831	759,914	17,733,716
Proj.	26	2010-11	3.00%	990,032	330,125	210,382	371,560	912,067	77,965	375,925	886,686	18,996,326
Proj.	27	2011-12	3.50%	1,024,683	345,375	217,745	380,869	943,989	80,694	115,200	1,139,780	20,251,306
Proj.	28	2012-13	4.00%	1,065,671	355,750	226,455	383,873	966,078	99,592	48,100	1,518,848	21,818,254
Proj.	29	2013-14	4.50%	1,113,626	370,250	236,645		606,895	506,730	49,100	1,745,460	23,612,814
Proj.	30	2014-15	4.50%	1,163,739	378,875	247,295		626,170	537,569	50,100	1,889,025	25,551,939
Proj.	31	2015-16	4.50%	1,216,107	391,625	258,423		650,048	566,059	52,355	2,044,155	27,648,449
Proj.	32	2016-17	4.50%	1,270,832	408,250	270,052		678,302	592,530	54,710	2,211,876	29,915,036
Proj.	33	2017-18	4.50%	1,328,019	418,750	282,204		700,954	627,065	57,172	2,393,203	32,365,411
Proj.	34	2018-19	4.50%	1,387,780	438,000	294,903		732,903	654,877	59,745	2,589,233	35,014,389
Proj.	35	2019-20	4.50%	1,450,230	450,875	308,174		759,049	691,182	62,434	2,801,151	37,877,974
Proj.	36	2020-21	4.50%	1,515,491	462,500	322,042		784,542	730,949	65,243	3,030,238	40,973,455
Proj.	37	2021-22	4.50%	1,583,688	477,750	336,534		814,284	769,404	68,179	3,277,876	44,319,510
Proj.	38	2022-23	4.50%	1,654,954	496,375	351,678		848,053	806,901	71,247	3,545,561	47,936,318
Proj.	39	2023-24	4.50%	1,729,427	513,250	367,503		880,753	848,674	74,453	3,834,905	51,845,677
Proj.	40**	2024-25	4.50%	1,807,251	528,375	384,041		912,416	894,835	77,804	4,147,654	56,071,135
Proj.	41	2025-26	4.50%	1,888,577	541,750	401,323		943,073	945,505	81,305	4,485,691	60,638,131
Proj.	42	2026-27	4.50%	1,973,563	563,125	419,382		982,507	991,056	84,964	4,851,050	65,574,145
Proj.	43	2027-28	4.50%	2,062,374	577,375	438,254		1,015,629	1,046,744	88,787	5,245,932	70,908,864
Proj.	44	2028-29	4.50%	2,155,180	594,500	457,976		1,052,476	1,102,705	92,782	5,672,709	76,674,355
Proj.	45	2029-30	4.50%	2,252,164	-	478,585		478,585	1,773,579	96,958	6,133,948	82,905,261
Proj.	46	2030-31	4.50%	2,353,511	-	500,121		500,121	1,853,390	101,321	6,632,421	89,639,003
Proj.	47	2031-32	4.50%	2,459,419	-	522,627		522,627	1,936,792	105,880	7,171,120	96,916,003
Proj.	48	2032-33	4.50%	2,570,093	-	546,145		546,145	2,023,948	110,645	7,753,280	104,779,928
Proj.	49	2033-34	4.50%	2,685,747	-	570,721		570,721	2,115,026	115,624	8,382,394	113,277,947
Proj.	50***	2034-35	4.50%	2,806,606	-	596,404		596,404	2,210,202	120,827	9,062,236	122,461,009
<b>TOTALS</b>				<b>45,370,801</b>	<b>9,275,500</b>	<b>9,637,078</b>	<b>3,111,400</b>	<b>20,698,114</b>	<b>24,672,687</b>	<b>8,587,236</b>	<b>113,873,773</b>	

**Notes:**

\* The Agency's ability to issue debt expired on November 27, 2004 (based on AB 1290).

\*\* The Redevelopment Plan expires in 2024.

\*\*\* The Agency's ability to collect tax increment expires in 2034.

(A) Includes the total loans made to both the Portuguese Bend fund and the Abalone Cove fund, which also includes annual costs associated with ERAF shifts, County property tax administration.



## MEMORANDUM

**TO: HONORABLE MAYOR & CITY COUNCIL MEMBERS**  
**FROM: DENNIS McLEAN, DIRECTOR OF FINANCE & INFORMATION TECHNOLOGY**  
**DATE: JUNE 7, 2011**  
**SUBJECT: ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND REDEVELOPMENT AGENCY FOR EXPENSES INCURRED DURING FY09-10**  
**REVIEWED: CAROLYN LEHR, CITY MANAGER**  
 Project Manager: Kathryn Downs, Deputy Director of Finance & Information Technology

### RECOMMENDATION

Receive and file this staff report, which provides information regarding FY10-11 loan additions to the Rancho Palos Verdes Redevelopment Agency in the amount of \$346,483 for expenses incurred by the City during FY09-10. The Consolidated Loan Agreement dated December 1, 2003 authorizes the loan additions.

### EXECUTIVE SUMMARY

On December 1, 2003, the loan agreement between the City and the Rancho Palos Verdes Redevelopment Agency (Agency) was revised to include the annual cost of resources provided by the City. The City Attorney's Office has recommended the preparation of an annual staff report to inform the City Council of loan additions authorized by the Consolidated Loan Agreement. Staff recommends FY10-11 additions to the consolidated loan balance for expenses incurred by the City during FY09-10 in the amount of \$346,483, which includes the following:

- The state mandated Supplemental Education Revenue Augmentation Fund (SERAF) payment of \$330,125; and
- The County of Los Angeles property tax increment administration fee of \$16,358.

The FY10-11 additions to the consolidated loan balance are for expenditures made

**ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND REDEVELOPMENT AGENCY FOR EXPENSES INCURRED DURING FY09-10**

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from the General fund of the City and will accrue interest as of July 1, 2010. Because the advances are loans, rather than expenditures, no budget appropriation is necessary.

The Governor's revised proposal for the FY11-12 state budget still includes elimination of redevelopment agencies; however, the California Legislative Counsel's office has issued an opinion that the Governor's proposal is illegal. If elimination of redevelopment agencies were to occur, it is unclear at this time how repayment of the Agency's debt to the City may be affected.

**BACKGROUND**

The Agency was formed in 1984 with the purpose of financing long-term capital improvements (i.e. de-watering wells, Abalone Cove sewer system) designed to eliminate physical and economic blight in Project Area No. 1 through stabilization of hazardous landslides. The Agency's Project Area No. 1 was divided into two geographical areas: Abalone Cove and Portuguese Bend. The geographical areas are accounted for in separate funds of the Agency.

**Abalone Cove Fund Financing**

The Abalone Cove landslide abatement project of the Agency was initially financed by the issuance of \$10 million of County Improvement District Bonds (the "Bonds") in 1991. The Bonds were issued as part of the Reimbursement and Settlement ("Horan") Agreement entered into between the County, City, Agency and the Horan litigants in 1987. After payment of amounts previously owed the County and the City, approximately \$6.7 million of net bond proceeds were transferred to the Agency's Abalone Cove fund in 1991 to finance landslide abatement projects.

Under the terms of the bond restructuring in 1997, the Bonds were repaid through the Agency's issuance of \$5,455,000 of tax allocation bonds (the "1997 RDA Bonds") and a lump sum payment of \$4,545,000 to the County. The lump sum payment was funded with \$2 million of accumulated tax increment, \$1 million of fund reserves from the Abalone Cove fund and a loan to the Abalone Cove fund by the City in the amount of \$1,545,000.

As part of the 1997 bond restructuring, accrued interest on the original \$10 million County Bonds was recalculated at a lower interest rate (5 percent vs. 7.77 percent per the original Bonds) and deferred by the County. The deferred interest debt totaling \$3,111,400 is non-interest bearing and is subordinate to the payment of the 1997 RDA Bonds. Per the terms of the 1997 bond restructuring, the County began impounding all Agency tax increment in November 1997 for repayment of the \$5,455,000 1997 RDA Bonds and the \$3,111,400 deferred interest debt. As of June 30, 2010, \$1,975,097 of tax increment has been impounded and applied to the deferred interest debt.

**ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND REDEVELOPMENT AGENCY FOR EXPENSES INCURRED DURING FY09-10**

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The City and the Abalone Cove fund of the Agency entered into a Loan Agreement, dated November 30, 1997, when the City advanced \$1,545,000 to the Abalone Cove fund as a part of the 1997 bond restructuring. An additional \$12,000 loan was made from the City to the Abalone Cove fund in FY02-03 to perform miscellaneous Abalone Cove Sewer site restoration activities. On December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency. Principal owed the City by the Abalone Cove fund was \$1,985,823 as of June 30, 2010. Including accrued interest of \$2,047,326, the total amount owed to the City by the Abalone Cove fund was \$4,033,149 as of June 30, 2010. The Consolidated Loan Agreement between the City and the Agency continues to be subordinate to the payment of the 1997 RDA Bonds and deferred interest debt.

The Abalone Cove sewer project was completed during FY02-03 and the system is operational. With the completion of the sewer project, the Abalone Cove fund was depleted. Any future Abalone Cove Agency projects will require funding by the City.

Portuguese Bend Fund Financing

While the Abalone Cove fund of the Agency has primarily relied upon bond proceeds to finance landslide abatement projects, the Portuguese Bend fund of the Agency relies on the City to finance its landslide projects. The City and the Portuguese Bend fund of the Agency first entered into a Loan Agreement, dated July 1, 1990, when the City began making advances to fund landslide projects in the Portuguese Bend area of the Agency. Between 1990 and 2000, a total of \$4,320,552 was advanced from the City to the Portuguese Bend fund. As noted above, on December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency.

Principal owed the City by the Portuguese Bend fund was \$4,320,552 as of June 30, 2010. Including accrued interest of \$9,240,974, the total amount owed to the City by the Portuguese Bend fund was \$13,561,526 as of June 30, 2010.

Purpose of the Consolidated Loan Agreement between the City and Agency

Property values, and therefore tax increment growth, have increased significantly over the last ten years. If property values continue to grow, there may be sufficient tax increment to repay a portion of the Agency's debt to the City after the Agency's debt to the County is repaid in full.

Staff has prepared an analysis titled FY10-11 Tax Increment Projections & Debt Service Schedule (see Exhibit A). The analysis includes the Agency's debt service schedule, as well as estimated Agency tax increment projections. The analysis indicates that if tax increment were to grow by 6.5% each year, as much as \$33

**ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND REDEVELOPMENT AGENCY FOR EXPENSES INCURRED DURING FY09-10**

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million may become available to repay the Agency's debt to the City before the Agency's ability to collect tax increment expires in 2034. The Governor's revised proposal for the FY11-12 state budget still includes elimination of redevelopment agencies; however, the California Legislative Counsel's office has issued an opinion that the Governor's proposal is illegal. If elimination of redevelopment agencies were to occur, it is unclear at this time how repayment of the Agency's debt to the City may be affected.

**DISCUSSION**

In the event that sufficient tax increment becomes available to repay the City a portion, or all of the loan amount, the Consolidated Loan Agreement between the City and the Agency captures the cost of resources provided by the City, including: 1) Annual County administrative fees paid from the City's General fund; 2) State mandated SERAF payments; and 3) Administrative services and facilities (e.g. staff time, equipment usage, insurance, facilities, and incidental administrative expenses such as printing costs).

The County continues to charge an annual fee to administer the Agency's tax increment. The Agency's Debt Service fund has no cash to pay the annual fee; therefore, the City's General fund must pay for it on behalf of the Agency. The same is true for the FY09-10 SERAF payment required by state law. The Consolidated Loan Agreement provides a mechanism to add both the annual fee and the SERAF payment to the loan balance between the City and Agency.

The FY09-10 cost of services to be added to the consolidated loan balance in FY10-11 is \$346,483, which includes:

- The state mandated Supplemental Educational Revenue Augmentation Fund payment of \$330,125; and
- The County of Los Angeles property tax increment administration fee of \$16,358.

Interest on the advance between the City and Agency continues to be based upon the interest rate earned by the City's Local Agency Investment Fund (LAIF) deposits plus three percent. The consolidated loan balance is subordinate to the 1997 RDA Bonds and the deferred interest debt owed to the County.

**FISCAL IMPACT**

The advance of \$346,483 is a balance sheet transaction and will not affect General fund reserve. No budget adjustment is required.

**Attachments:**

Exhibit A – FY10-11 Tax Increment Projections & Debt Service Schedule

CITY OF RANCHO PALOS VERDES REDEVELOPMENT AGENCY  
 FY10-11 TAX INCREMENT PROJECTIONS & DEBT SERVICE SCHEDULE

EXHIBIT A  
 Attachment C 111

Actual/ Proj.	Plan Year	Fiscal Year	Tax Increment Growth Assumption	Gross Tax Increment	Housing Set-Aside 20%	Fire District 17%	Net Tax Increment	1997 RDA Bonds Debt Service Principal & Interest	Deferred Interest Debt to County	Excess Tax Increment	City Loans Principal (A)	City Loans Interest (B)	City Loans Total
A	B	C	D	E	F	G	E-F+G=H	I	J	H-I-J=K	L	N * int. rate = M	L + M = N
Actual	1	1985-86	N/A	34,228	6,846	5,636	21,746				-	-	-
Actual	2	1986-87	N/A	67,514	13,503	11,477	42,534				-	-	-
Actual	3	1987-88	N/A	51,341	10,268	8,728	32,345				-	-	-
Actual	4	1988-89	N/A	122,895	24,579	20,892	77,424				-	-	-
Actual	5	1989-90	N/A	188,410	37,682	32,030	118,698				1,279,152	-	1,279,152
Actual	6	1990-91	N/A	245,084	49,017	41,664	154,403				318,400	148,229	1,745,781
Actual	7	1991-92	N/A	253,462	50,692	41,766	161,004				165,000	180,901	2,091,682
Actual	8	1992-93	N/A	345,490	69,098	57,830	218,562				133,000	215,264	2,439,946
Actual	9	1993-94	N/A	310,438	62,088	52,138	196,212				133,000	181,315	2,754,261
Actual	10	1994-95	N/A	278,238	55,648	46,653	175,937				457,000	252,805	3,464,066
Actual	11	1995-96	N/A	352,457	70,491	59,120	222,846				435,000	319,086	4,218,152
Actual	12	1996-97	N/A	399,428	79,886	67,079	252,463				250,000	366,703	4,834,855
Actual	13	1997-98	N/A	472,432	94,486	79,135	298,811	136,375	-	162,436	1,745,000	501,191	7,081,046
Actual	14	1998-99	N/A	463,104	92,621	77,768	292,715	272,750	19,424	541	700,000	600,818	8,381,864
Actual	15	1999-00	N/A	507,473	101,495	85,249	320,729	272,750	17,514	30,465	250,000	731,788	9,363,652
Actual	16	2000-01	N/A	550,417	110,083	92,494	347,839	272,750	47,979	27,110	-	855,268	10,218,920
Actual	17	2001-02	N/A	625,243	125,049	103,740	396,454	272,750	85,775	37,929	-	657,077	10,875,997
Actual	18	2002-03	N/A	699,867	139,973	117,835	442,058	272,750	130,209	39,099	12,000	563,485	11,451,482
Actual	19	2003-04	N/A	727,541	145,508	122,718	459,315	272,750	162,743	23,822	40,355	532,287	12,024,124
Actual	20	2004-05	N/A	741,086	148,217	125,114	467,755	277,625	178,850	11,280	60,907	632,400	12,717,431
Actual	21	2005-06	N/A	843,039	168,608	142,449	531,982	287,125	184,695	60,162	93,540	877,509	13,688,480
Actual	22	2006-07	N/A	916,845	183,369	155,023	578,454	296,125	222,882	59,447	80,498	1,118,488	14,887,466
Actual	23	2007-08	N/A	989,765	197,953	167,503	624,309	309,500	275,793	39,016	22,207	1,100,371	16,010,044
Actual	24	2008-09	N/A	1,092,420	218,484	184,923	689,013	323,125	294,627	71,261	44,485	832,441	16,886,970
Actual	25	2009-10	N/A	1,078,261	215,652	183,625	678,984	330,125	354,606	(5,747)	86,831	620,873	17,594,674
Budget	26	2010-11	6.61%	1,149,500	229,900	195,415	724,185	345,375	337,701	41,109	346,483	615,900	18,557,057
Estimated	27	2011-12	6.50%	1,224,218	244,844	208,117	771,257	355,750	350,000	65,507	88,967	649,497	19,295,521
Estimated	28	2012-13	6.50%	1,303,792	260,758	221,645	821,389	370,250	350,000	101,139	21,400	723,582	20,040,503
Estimated	29	2013-14	6.50%	1,388,538	277,708	236,051	874,779	378,875	98,602	397,302	22,000	801,620	20,864,123
Estimated	30	2014-15	6.50%	1,478,793	295,759	251,395	931,640	391,625	-	540,015	22,700	886,725	21,773,548
Estimated	31	2015-16	6.50%	1,574,915	314,983	267,735	992,196	408,250	-	583,946	23,500	979,810	22,776,858
Estimated	32	2016-17	6.50%	1,677,284	335,457	285,138	1,056,689	418,750	-	637,939	25,028	1,024,959	23,826,844
Estimated	33	2017-18	6.50%	1,786,308	357,262	303,672	1,125,374	438,000	-	687,374	26,654	1,072,208	24,925,706
Estimated	34	2018-19	6.50%	1,902,418	380,484	323,411	1,198,523	450,875	-	747,648	28,387	1,121,657	26,075,750
Estimated	35	2019-20	6.50%	2,026,075	405,215	344,433	1,276,427	462,500	-	813,927	30,232	1,173,409	27,279,391
Estimated	36	2020-21	6.50%	2,157,770	431,554	366,821	1,359,395	477,750	-	881,645	32,197	1,227,573	28,539,160
Estimated	37	2021-22	6.50%	2,298,025	459,605	390,664	1,447,755	496,375	-	951,380	34,290	1,284,262	29,857,712
Estimated	38	2022-23	6.50%	2,447,396	489,479	416,057	1,541,860	513,250	-	1,028,610	36,519	1,343,597	31,237,828
Estimated	39	2023-24	6.50%	2,606,477	521,295	443,101	1,642,080	528,375	-	1,113,705	38,892	1,405,702	32,682,423
Estimated	40**	2024-25	6.50%	2,775,898	555,180	471,903	1,748,816	541,750	-	1,207,066	41,420	1,470,709	34,194,552
Estimated	41	2025-26	6.50%	2,956,331	591,266	502,576	1,862,489	563,125	-	1,299,364	44,113	1,538,755	35,777,420
Estimated	42	2026-27	6.50%	3,148,493	629,699	535,244	1,983,550	577,375	-	1,406,175	46,980	1,609,984	37,434,384
Estimated	43	2027-28	6.50%	3,353,145	670,629	570,035	2,112,481	594,500	-	1,517,981	50,034	1,684,547	39,168,965
Estimated	44	2028-29	6.50%	3,571,099	714,220	607,087	2,249,793	-	-	2,249,793	53,286	1,762,603	40,984,854
Estimated	45	2029-30	6.50%	3,803,221	760,644	646,548	2,396,029	-	-	2,396,029	56,750	1,844,318	42,885,922
Estimated	46	2030-31	6.50%	4,050,430	810,086	688,573	2,551,771	-	-	2,551,771	60,438	1,929,867	44,876,227
Estimated	47	2031-32	6.50%	4,313,708	862,742	733,330	2,717,636	-	-	2,717,636	64,367	2,019,430	46,960,024
Estimated	48	2032-33	6.50%	4,594,099	918,820	780,997	2,894,282	-	-	2,894,282	68,551	2,113,201	49,141,776
Estimated	49	2033-34	6.50%	4,892,715	978,543	831,762	3,082,411	-	-	3,082,411	73,006	2,211,380	51,426,162
Estimated	50***	2034-35	6.50%	5,210,742	1,042,148	885,826	3,282,767	-	-	3,282,767	77,752	2,314,177	53,818,091
<b>TOTALS</b>				<b>80,047,864</b>	<b>16,009,573</b>	<b>13,590,125</b>	<b>50,448,167</b>	<b>11,909,250</b>	<b>3,111,400</b>	<b>33,753,342</b>	<b>7,720,320</b>	<b>46,097,771</b>	

Notes:

\* The Agency's ability to issue debt expired on November 27, 2004 (based on AB 1290).

\*\* The Redevelopment Plan expires in 2024.

\*\*\* The Agency's ability to collect tax increment expires in 2034.

<sup>(A)</sup> Includes the total loans made to both the Portuguese Bend fund and the Abalone Cove fund, which also includes annual costs associated with ERAF shifts, County property tax administration,

## **MEMORANDUM**

**TO: FILE**

**FROM: DENNIS McLEAN, DIRECTOR OF FINANCE & INFORMATION TECHNOLOGY**

**DATE: DECEMBER 6, 2011**

**SUBJECT: ADDITIONS TO THE CONSOLIDATED LOAN BETWEEN THE CITY AND REDEVELOPMENT AGENCY FOR EXPENSES INCURRED DURING FY10-11**

Project Manager: Kathryn Downs, Deputy Director of Finance & Information Technology

### **RECOMMENDATION**

This Memorandum to File provides information regarding FY11-12 loan additions to the Rancho Palos Verdes Redevelopment Agency in the amount of \$89,918 for expenses incurred by the City during FY10-11. The Consolidated Loan Agreement dated December 1, 2003 authorizes the loan additions.

### **EXECUTIVE SUMMARY**

On December 1, 2003, the loan agreement between the City and the Rancho Palos Verdes Redevelopment Agency (Agency) was revised to include the annual cost of resources provided by the City. The City Attorney's Office has recommended the preparation of an annual staff report to inform the City Council of loan additions authorized by the Consolidated Loan Agreement. Staff recommends FY11-12 additions to the consolidated loan balance for expenses incurred by the City during FY10-11 in the amount of \$89,918, which includes the following:

- The County of Los Angeles property tax increment administration fee of \$21,951; and
- The state mandated Supplemental Education Revenue Augmentation Fund (SERAF) payment of \$67,967.

The FY11-12 additions to the consolidated loan balance are for expenditures made from the General fund of the City and will accrue interest as of July 1, 2011.

Because these are additions to the consolidated loan, rather than expenditures, no budget appropriation is necessary.

The new redevelopment law signed by the state governor on June 29, 2011 prohibits agencies from incurring new indebtedness. The additions to the consolidated loan between the City and Agency do not constitute new indebtedness. The additions are administrative charges authorized by the existing consolidated loan agreement. The new redevelopment law is currently being litigated on the basis that the new law is unconstitutional. Until the litigation is settled, Staff is recommending the City continue to accrue both interest and administrative charges on the existing consolidated loan. No capital is being added to the consolidated loan.

## **BACKGROUND**

The Agency was formed in 1984 with the purpose of financing long-term capital improvements (i.e. de-watering wells, Abalone Cove sewer system) designed to eliminate physical and economic blight in Project Area No. 1 through stabilization of hazardous landslides. The Agency's Project Area No. 1 was divided into two geographical areas: Abalone Cove and Portuguese Bend. The geographical areas are accounted for in separate funds of the Agency.

### **Abalone Cove Fund Financing**

The Abalone Cove landslide abatement project of the Agency was initially financed by the issuance of \$10 million of County Improvement District Bonds (the "Bonds") in 1991. The Bonds were issued as part of the Reimbursement and Settlement ("Horan") Agreement entered into between the County, City, Agency and the Horan litigants in 1987. After payment of amounts previously owed the County and the City, approximately \$6.7 million of net bond proceeds were transferred to the Agency's Abalone Cove fund in 1991 to finance landslide abatement projects.

Under the terms of the bond restructuring in 1997, the Bonds were repaid through the Agency's issuance of \$5,455,000 of tax allocation bonds (the "1997 RDA Bonds") and a lump sum payment of \$4,545,000 to the County. The lump sum payment was funded with \$2 million of accumulated tax increment, \$1 million of fund reserves from the Abalone Cove fund and a loan to the Abalone Cove fund by the City in the amount of \$1,545,000.

As part of the 1997 bond restructuring, accrued interest on the original \$10 million County Bonds was recalculated at a lower interest rate (5 percent vs. 7.77 percent per the original Bonds) and deferred by the County. The deferred interest debt totaling \$3,111,400 is non-interest bearing and is subordinate to the payment of the 1997 RDA Bonds. Per the terms of the 1997 bond restructuring, the County began impounding all Agency tax increment in November 1997 for repayment of the \$5,455,000 1997 RDA Bonds and the \$3,111,400 deferred interest debt. As of June 30, 2011, \$2,312,799 of tax increment has been impounded and applied to the

deferred interest debt.

The City and the Abalone Cove fund of the Agency entered into a Loan Agreement, dated November 30, 1997, when the City advanced \$1,545,000 to the Abalone Cove fund as a part of the 1997 bond restructuring. An additional \$12,000 loan was made from the City to the Abalone Cove fund in FY02-03 to perform miscellaneous Abalone Cove Sewer site restoration activities. On December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency. Principal owed the City by the Abalone Cove fund was \$2,332,306 as of June 30, 2011. Including accrued interest of \$2,200,390, the total amount owed to the City by the Abalone Cove fund was \$4,532,696 as of June 30, 2011. The Consolidated Loan Agreement between the City and the Agency continues to be subordinate to the payment of the 1997 RDA Bonds and deferred interest debt.

The Abalone Cove sewer project was completed during FY02-03 and the system is operational. With the completion of the sewer project, the Abalone Cove fund was depleted. Any future Abalone Cove Agency projects will require funding by the City.

#### Portuguese Bend Fund Financing

While the Abalone Cove fund of the Agency has primarily relied upon bond proceeds to finance landslide abatement projects, the Portuguese Bend fund of the Agency relies on the City to finance its landslide projects. The City and the Portuguese Bend fund of the Agency first entered into a Loan Agreement, dated July 1, 1990, when the City began making advances to fund landslide projects in the Portuguese Bend area of the Agency. Between 1990 and 2000, a total of \$4,320,552 was advanced from the City to the Portuguese Bend fund. As noted above, on December 1, 2003, the loan agreement was revised to capture the annual cost of resources provided by the City; and to define the maturity date as November 27, 2034, which is the legal limit date for the repayment of indebtedness by the Agency.

Principal owed the City by the Portuguese Bend fund was \$4,320,552 as of June 30, 2011. Including accrued interest of \$9,714,938, the total amount owed to the City by the Portuguese Bend fund was \$14,035,490 as of June 30, 2011.

#### Purpose of the Consolidated Loan Agreement between the City and Agency

Property values, and therefore tax increment growth, have increased significantly over the last ten years. If property values continue to grow, there may be sufficient tax increment to repay a portion of the Agency's debt to the City after the Agency's debt to the County is repaid in full.

Staff has prepared an analysis titled FY11-12 Tax Increment Projections & Debt Service Schedule (see Exhibit A). The analysis includes the Agency's debt service

schedule, as well as estimated Agency tax increment projections. The analysis indicates that if tax increment were to grow by 6.5% each year, as much as \$32 million (column K) may become available to repay the Agency's debt to the City before the Agency's ability to collect tax increment expires in 2034.

## **DISCUSSION**

### **Impact of New Redevelopment Law**

AB X1 26, which was signed by the Governor of California on June, 29, 2011, added Parts 1.8 and 1.85 to the Community Redevelopment Law. Part 1.8 immediately suspends most redevelopment agency activities and, among other things, prohibits redevelopment agencies from incurring indebtedness or entering into or modifying contracts. Part 1.85 provides that on October 1, 2011, all existing redevelopment agencies and redevelopment agency components of community development agencies are dissolved, and successor agencies are designated as successor entities to the former redevelopment agencies. Part 1.85 imposes numerous requirements on the successor agencies and subjects successor agency actions to the review of oversight boards established under Part 1.85.

AB X1 27 was signed by the Governor concurrently with AB X1 26 and added Part 1.9 to the Community Redevelopment Law. Part 1.9 establishes a Voluntary Alternative Redevelopment Program (VARP) whereby a redevelopment agency will, notwithstanding Parts 1.8 and 1.85, be authorized to continue to exist and carry out the provisions of the Community Redevelopment Law.

On August 16, 2011, the City adopted Ordinance No. 524 to participate in the VARP, thereby agreeing to make specified annual payments to the County Auditor-Controller for allocation to special districts and educational entities and authorizing the Agency to continue to exist pursuant to Part 1.9.

The Community Redevelopment Association and the League of California Cities filed a lawsuit against the state on the basis that recently adopted redevelopment law is unconstitutional. The California Supreme Court has issued a stay order, which stays both Parts 1.85 and 1.9. Until the litigation is settled, Staff is recommending that the City continue to accrue interest and administrative charges (as outlined in this report) on the consolidated loan. No capital is being added to the consolidated loan.

### **Administrative Charges Added to the Consolidated Loan**

In the event that sufficient tax increment becomes available to repay the City a portion, or all of the loan amount, the Consolidated Loan Agreement between the City and the Agency captures the cost of resources provided by the City, including: 1) Annual County administrative fees paid from the City's General fund; 2) State mandated SERAF payments; and 3) Administrative services and facilities (e.g. staff time, equipment usage, insurance, facilities, and incidental administrative expenses such as printing costs). For FY10-11, no administrative services and facilities expenses have been added to the consolidated loan.

The County continues to charge an annual fee to administer the Agency's tax increment. The Agency's Debt Service fund has no cash to pay the annual fee; therefore, the City's General fund must pay for it on behalf of the Agency. The same is true for the mandated SERAF payment. The Consolidated Loan Agreement provides a mechanism to add both the annual fee and the SERAF payment to the loan balance between the City and Agency.

The FY10-11 addition to the consolidated loan balance in FY11-12 is \$89,918, which includes:

- The County of Los Angeles property tax increment administration fee of \$21,951; and
- The state mandated Supplemental Education Revenue Augmentation Fund (SERAF) payment of \$67,967.

Interest on the advance between the City and Agency continues to be based upon the interest rate earned by the City's Local Agency Investment Fund (LAIF) deposits plus three percent. The consolidated loan balance is subordinate to the 1997 RDA Bonds and the deferred interest debt owed to the County.

### **FISCAL IMPACT**

The advance of \$89,918 is a balance sheet transaction and will not affect General fund reserve. No budget adjustment is required.