



# CITY OF FIREBAUGH

## OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE CITY OF FIREBAUGH REDEVELOPMENT AGENCY

### MEETING AGENDA

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**Location of Meeting:** Firebaugh Community Center  
1655 13<sup>th</sup>, Firebaugh, CA 93622

**Date/Time:** November 21, 2013/11:00 a.m.

#### CALL TO ORDER

**ROLL CALL**

Ken McDonald, Employee of Former RDA (City) Representative  
Elsa Lopez, County Board of Supervisor Representative  
Craig Knight, County Board of Supervisor Representative  
Jack Minnite, City of Firebaugh Mayor's Appointed Representative  
Becky Cline, Special District Representative  
Russell Freitas, County Superintendent of Schools Representative  
Ken Stoppenbrink, Chancellor of Ca Community College Representative

#### PLEDGE OF ALLEGIANCE

#### CONSENT CALENDAR

#### BUSINESS ITEMS

1. **RESOLUTION NO. OB 13-11 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FIREBAUGH REDEVELOPMENT AGENCY APPROVING A LOAN AGREEMENT IN THE AMOUNT OF \$78,486 BETWEEN THE CITY OF FIREBAUGH AND THE SUCCESSOR AGENCY TO THE FIREBAUGH REDEVELOPMENT AGENCY.**

**Recommended Action:**

Oversight Board approves Res. No OB 13-11.

#### ADJOURNMENT

**Certification of posting the Agenda**

I declare under penalty of perjury that I am employed by the City of Firebaugh and that I posted this agenda on the bulletin boards at City Hall, November 18, 2013 at 5:00 p.m. by Rita Lozano, Deputy City Clerk.

**To:** Oversight Board to Successor Agency to the Firebaugh  
Redevelopment Agency

**From:** Kenneth McDonald, City Manager

**Meeting Date:** November 21, 2013

**Subject:** Consider a resolution approving a loan between the City of  
Firebaugh and the Successor Agency to the Firebaugh  
Redevelopment Agency to pay for underfunded enforceable  
obligations

**RECOMMENDATION:**

Adopt a Resolution of the Oversight Board Approving a Loan Agreement in the Amount of \$78,486 between the City of Firebaugh and the Successor Agency to the Firebaugh Redevelopment Agency

**BACKGROUND:**

On June 29, 2011, the Governor signed into law Assembly Bill (“AB”) x1 26. The California Supreme Court upheld the constitutionality of ABx1 26 on December 29th, 2011. These actions effectively eliminated all redevelopment agencies in the State of California as of February 1, 2012. The City of Firebaugh elected to become the Successor Agency for the Firebaugh Redevelopment Agency. The Successor Agency is responsible for winding down the affairs of the redevelopment agency, with oversight from its Oversight Board.

Health & Safety Code (“H&SC”) Section 34177(l) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule (“ROPS”) before each six-month fiscal period that lists its enforceable obligations. The Successor Agency adopted ROPS for the January to June 2013 period (“ROPS III”), which was approved by the Oversight Board and the California Department of Finance (“DOF”). The total amount of approved enforceable obligations was \$699,033 on ROPS III.

Despite approval by DOF, the Successor Agency did not receive sufficient funds from the Fresno County Auditor-Controller to pay for all of its approved enforceable obligations. The Successor Agency was allocated only \$438,877 in Redevelopment Property Tax Trust Funds (“RPTTF”) for enforceable obligations on ROPS III. Upon reconciliation of ROPS III, it was determined that the Successor Agency only needed \$517,363 in RPTTF funding to cover enforceable obligations because actual ROPS III payments were lower than the original estimated amounts. Still, the Successor Agency encountered a deficit of \$78,486 for the ROPS III period, which was funded by the City.

**Fiscal Impact**

The City has already expended \$78,486 in general fund revenue to cover the Successor Agency's budget shortfall. If the loan is not formalized, the City will not be able to recoup these funds. By formalizing the loan, the Successor Agency can place the loan repayment on forthcoming ROPS and it can be repaid with RPTTF money as it becomes available

**FINDINGS AND ALTERNATIVES:**

The alternatives available to the Oversight Board include:

1. Adopt a Resolution of the Oversight Board of the Successor Agency to the Firebaugh Redevelopment Agency Approving a Loan Agreement in the Amount of \$78,486 between the City of Firebaugh and the Successor Agency to the Firebaugh Redevelopment Agency; or
2. Do not adopt a Resolution of the Oversight Board of the Successor Agency to the Firebaugh Redevelopment Agency Approving a Loan Agreement in the Amount of \$78,486 between the City of Firebaugh and the Successor Agency to the Firebaugh Redevelopment Agency; or
3. Provide staff with alternative direction.

**RESOLUTION NO. OB 13-11**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
SUCCESSOR AGENCY TO THE FIREBAUGH REDEVELOPMENT AGENCY  
APPROVING A LOAN AGREEMENT IN THE AMOUNT OF \$78,486  
BETWEEN THE CITY OF FIREBAUGH AND THE  
SUCCESSOR AGENCY TO THE FIREBAUGH REDEVELOPMENT AGENCY**

**WHEREAS**, the Oversight Board of the Successor Agency to the Firebaugh Redevelopment Agency ("Oversight Board") has been established to direct the Successor Agency to the Firebaugh Redevelopment Agency ("Successor Agency") to take certain actions to wind down the affairs of the Redevelopment Agency in accordance with the Dissolution Act (enacted by Assembly Bills 26 and 1484, as codified in the California Health and Safety Code); and

**WHEREAS**, Section 34179 of the Dissolution Act provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

**WHEREAS**, Sections 34177(l), 34177(m) and 34179 of the Dissolution Act provide that Recognized Obligation Payment Schedules ("ROPS") identifying the enforceable obligations of a Successor Agency for each six-month fiscal period be prepared by the Successor Agency and approved by its Oversight Board and the California Department of Finance ("DOF"); and

**WHEREAS**, the Successor Agency prepared a ROPS for the January to June 2013 period ("ROPS III") that was approved by the Oversight Board and DOF; and

**WHEREAS**, the Successor Agency encountered a budget shortfall for the ROPS III period; and

**WHEREAS**, H&SC Section 34173(h) provides that the City may loan funds to the Successor Agency for administrative costs, enforceable obligations, or project-related expenses at the City's discretion, and that the loan must be reflected on the Agency's ROPS, which is subject to the approval of the Agency's Oversight Board; and

**WHEREAS**, the City loaned \$78,486 to the Successor Agency to cover the abovementioned budget shortfall for the ROPS III period; and

**WHEREAS**, the City and Agency desire to enter into a loan agreement in order to fully fund enforceable obligations on the ROPS III; and

**WHEREAS**, Health & Safety Code Section 34180(h) requires oversight boards to approve a request by a successor agency to enter into an agreement with the city that formed the redevelopment agency that it is succeeding; and

**WHEREAS**, the Oversight Board desires to approve the loan agreement.

**NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FIREBAUGH REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1.** The Recitals set forth above are true and correct and incorporated herein by reference; and

**SECTION 2.** The Oversight Board hereby approves the Loan Agreement between the City of Firebaugh and the Successor Agency to the Firebaugh Redevelopment Agency, attached to this Resolution as Exhibit A.

**SECTION 3.** The Oversight Board Secretary shall certify to the adoption of this Resolution.

**PASSED, APPROVED and ADOPTED** at a regular meeting of the Oversight Board of the Successor Agency to the Firebaugh Redevelopment Agency held this 21st day of November, 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Chairperson Oversight Board

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ATTEST:

Oversight Board Secretary

**EXHIBIT "A"**  
**LOAN AGREEMENT BETWEEN THE CITY OF FIREBAUGH**  
**AND THE SUCCESSOR AGENCY TO THE FIREBAUGH REDEVELOPMENT**  
**AGENCY**

**LOAN AGREEMENT BETWEEN THE CITY OF FIREBAUGH AND THE SUCCESSOR  
AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF FIREBAUGH**

This loan agreement ("Agreement") is entered into effective as of November 18, 2013 and is made by and between the City of Firebaugh, a municipal corporation ("City") and the Successor Agency to the Redevelopment Agency of the City of Firebaugh, a public body corporate and politic ("Agency").

**RECITALS**

- A. The City is a municipal corporation organized and operating under the laws of the State of California.
- B. The Agency is a public entity corporate and politic, organized and operating under Part 1.85 of Division 24 of the California Health and Safety Code ("H&SC").
- C. H&SC Section 34177(a) permits the Agency to make payments due for enforceable obligations.
- D. H&SC Section 34177(l) requires the Agency to prepare a Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period that lists its enforceable obligations.
- E. The Agency adopted a ROPS for the January to June 2013 period ("ROPS III"), which was approved by the Oversight Board on August 16, 2012 and by the California Department of Finance ("DOF") on December 18, 2012.
- F. The total amount of Redevelopment Property Tax Trust Fund ("RPTTF") funding requested for the ROPS III period was \$699,033. However, the Fresno County Auditor-Controller only distributed \$438,877 in RPTTF funding.
- G. As part of ROPS 13-14B, the Agency reconciled ROPS III on the Prior Period Adjustments tab. This reconciliation found that the Agency paid enforceable obligations in an amount equal to \$517,363. With only \$438,877 in RPTTF available, the Agency faced a shortfall of \$78,486.
- H. H&SC Section 34173(h) provides that the City may loan funds to the Agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion, and that the loan must be reflected on the Agency's Recognized Obligation Payment Schedule ("ROPS"), which is subject to the approval of the Agency's Oversight Board.
- I. Relying on this authority, the City extended a temporary loan ("Loan") to the Agency in the amount of \$78,486 ("Loan Amount") to be used to pay for enforceable obligations listed on the ROPS III.
- J. The Agency, in preparing the Recognized Obligation Payment Schedule for the January to June 2014 period ("ROPS 13-14B"), listed as an enforceable obligation the Loan in an amount equal to the Loan Amount.

## AGREEMENT

For and in consideration of the mutual covenants and agreements hereinafter set forth, the City and Agency agree as follows:

Section 1. *Recitals.* The City and Agency represent and warrant to each other that each of the respective recitals is true and correct and is hereby incorporated into this Agreement by reference as if fully set forth.

Section 2. *Loan.* The City used City general funds to provide the Agency with the Loan in an amount \$78,486 to fund obligations during the ROPS III period.

Section 3. *Use of Loan.* The Agency utilized the Loan to pay for enforceable obligations on ROPS III adopted by the Oversight Board on August 16, 2012 and approved by DOF on December 18, 2012.

Section 4. *Source of Repayment; Limited Subordination.*

(A) Except as provided in paragraph (B), the Loan shall be repaid on par with any enforceable obligations falling within H&SC Section 34183(a)(2)(C) (debts not qualifying as tax allocation bonds and certain revenue bonds).

(B) The City hereby agrees to defer payment on the Loan during a six month period covered by a ROPS to the extent that repayment in that period would leave insufficient funds to the Successor Agency to satisfy other contractual obligations covered by H&SC Section 34183(a)(2)(C) which: (1) are due in that six-month period; and (2) were in existence as of the date of this Agreement.

(C) Unless legally prohibited or waived by the City, any portion of the unpaid Loan shall also be repaid from other revenues available to the Successor Agency, such as the proceeds of asset sales and rents. These payments shall augment and supplement the required payments described in paragraph (A).

Section 5. *Placement of Loan Obligation on the Agency's ROPS 13-14B.* ROPS 13-14B includes the Loan as a listed enforceable obligation in an amount equal to the Loan Amount. The Agreement shall be included on each successive ROPS for the Agency until the City is repaid the full Loan Amount.

Section 6. *Term.* This Agreement shall be in full force and effect from the date hereof until such time as the entire amount of the Loan has been repaid in full.

Section 7. *Entire Agreement.* This Agreement constitutes the entire agreement by and between the parties with respect to the subject matter of this Agreement, and may be amended only in writing.

Section 8. *Remedies.* In the event of a default, the parties hereto shall be entitled to pursue any and all remedies available under California law for purposes of enforcing the terms and conditions of this Agreement.

**SIGNATURE PAGE FOLLOWS**



APPROVED AND EXECUTED by signature of the authorized representatives of each of the parties on \_\_\_\_\_, 2013.

**CITY:**

**CITY OF FIREBAUGH,  
A municipal corporation**

By: \_\_\_\_\_  
Kenneth McDonald, City Manager

**ATTEST:**

By: \_\_\_\_\_  
Rita Lozano, Deputy City Clerk

**AGENCY:**

**SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY  
OF THE CITY OF FIREBAUGH,  
a public body, corporate and politic**

By: \_\_\_\_\_  
Kenneth McDonald, City Manager

**ATTEST:**

By: \_\_\_\_\_  
Rita Lozano, Deputy City Clerk

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Dale Bacigalupi, City Attorney