

**RESOLUTION NO. OB 14-07**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
SUCCESSOR AGENCY TO THE FIREBAUGH REDEVELOPMENT AGENCY  
AUTHORIZING THE SUCCESSOR AGENCY TO THE FIREBAUGH REDEVELOPMENT  
AGENCY TO ENTER INTO A LOAN AGREEMENT WITH THE CITY OF FIREBAUGH IN  
THE AMOUNT OF \$25,000**

**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**, pursuant to Health and Safety Code ("H&SC") Section 34177.5, the Successor Agency may refund former Redevelopment Agency bonds to provide savings to the Successor Agency; and

**WHEREAS**, pursuant to H&SC Section 34177.5(f), the Successor Agency is able to recover its costs related to refunding the former Redevelopment Agency bonds; and

**WHEREAS**, on January 16, 2014, the Oversight Board approved the Successor Agency's interest in refunding the 2005 Tax Allocation Bonds Series A and B ("2005 Bonds") and determined that there are significant potential savings available to the Successor Agency and taxing entities; and

**WHEREAS**, on March 13, 2014, Department of Finance ("DOF") approved the Successor Agency's preliminary submission regarding the refunding of the 2005 Bonds; and

**WHEREAS**, on March 20, 2014, the Successor Agency entered into a contract with Rosenow Spevacek Group, Inc. ("RSG"), to provide fiscal consultant services in connection with refunding the 2005 Bonds, in an amount equal to \$25,000; 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 Successor Agency's Recognized Obligation Payment Schedule ("ROPS"), which is subject to the approval of the Oversight Board; and

**WHEREAS**, the Successor Agency desires to enter into a loan agreement with the City in an amount equal to \$25,000 to cover the costs associated with fiscal consultant services provided by RSG; and

**WHEREAS** the Successor Agency will place the outstanding loan amount on ROPS 14-15B covering the period January 1, 2015 to June 31, 2015; 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 authorizes the Successor Agency to enter into the loan agreement with the City in the amount of \$25,000.

**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 authorizes the Successor Agency to the Firebaugh Redevelopment Agency to enter into a Loan Agreement with the City of Firebaugh.

**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 15th day of May, 2014 by the following vote:

AYES: Minnite, Stoppenbrink, McDonald, Lopez, Knight, Cline

NOES:

ABSENT: Freitas

ABSTAIN:

APPROVED:

  
\_\_\_\_\_  
Chairperson Oversight Board

ATTEST:

  
\_\_\_\_\_  
Oversight Board Secretary

## **EXHIBIT A**

### **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 April 21, 2014 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. Health and Safety Code ("H&SC") Section 34177.5 permits the Agency to refund former Redevelopment Agency bonds to provide savings to the Successor.
- D. H&SC Section 34177.5(f) allows the Successor Agency to recover its costs related to refunding the former Redevelopment Agency bonds.
- E. On January 16, 2014, the Oversight Board approved the Successor Agency's interest in refunding the 2005 Tax Allocation Bonds Series A and B ("2005 Bonds") and determined that there are significant potential savings available to the Successor Agency and taxing entities.
- F. On March 13, 2014, Department of Finance ("DOF") approved the Successor Agency's preliminary submission regarding the refunding of the 2005 Bonds.
- G. On March 20, 2014, the Successor Agency entered into a contract with Rosenow Spevacek Group, Inc ("RSG"), to provide fiscal consultant services in connection with refunding the 2005 Bonds, in an amount equal to \$25,000.
- H. 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 Successor Agency's Recognized Obligation Payment Schedule ("ROPS"), which is subject to the approval of the Oversight Board.
- I. The Successor Agency desires to enter into a loan agreement with the City in an amount equal to \$25,000 to cover the costs associated with fiscal consultant services provided by RSG.
- J. The Successor Agency will place the outstanding loan amount on ROPS 14-15B covering the period January 1, 2015 to June 31, 2015.

## 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 will use City general funds to provide the Agency with the Loan in an amount equal to \$25,000

Section 3. *Use of Loan.* The Agency will utilize the Loan to cover the costs associated with fiscal consultant services provided by RSG in connection with refunding the 2005 Bonds.

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 14-15B.* The Agency will place the loan on ROPS 14-15B as an 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.

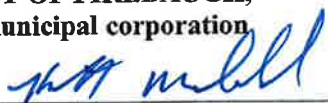
Section 8. *Remedies.* In the event of a default, the parties hereto shall be entitled to pursue any and all remedies available under California law for purposes of enforcing the terms and conditions of this Agreement.

**SIGNATURE PAGE FOLLOWS**

APPROVED AND EXECUTED by signature of the authorized representatives of each of the parties on  
May 15, 2014.

**CITY:**

**CITY OF FIREBAUGH,  
A municipal corporation**

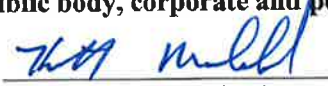
By:   
Kenneth McDonald, City Manager

**ATTEST:**

By:   
Rita Lozano, Deputy City Clerk

**AGENCY:**

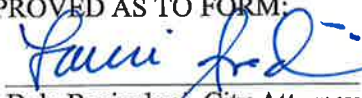
**SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY  
OF THE CITY OF FIREBAUGH,  
a public body, corporate and politic**

By:   
Kenneth McDonald, City Manager

**ATTEST:**

By:   
Rita Lozano, Deputy City Clerk

**APPROVED AS TO FORM:**

By:   
*for* Dale Bacigalupi, City Attorney

ATTACHMENT 1

CONTRACT WITH ROSENOW-SPEVACEK GROUP, INC.



BETTER COMMUNITIES. BOLDER FUTURES.

ROSENOW SPEVACEK GROUP INC.  
309 WEST 4TH STREET  
SANTA ANA, CALIFORNIA  
92701-4502

T 714 541 4585  
F 714 541 1175  
E INFO@WEBRSG.COM  
WEBRSG.COM

March 20, 2014

**Via Electronic Mail**

Kenneth McDonald, Interim City Manager  
CITY OF FIREBAUGH  
1133 P Street  
Firebaugh, CA 93622

**PROPOSAL TO PROVIDE FISCAL CONSULTANT SERVICES**

Dear Mr. McDonald:

Rosenow Spevacek Group, Inc. ("RSG") is pleased to present this Proposal to provide fiscal consultant services to the City of Firebaugh and the Successor Agency ("Successor Agency") to the Firebaugh Redevelopment Agency. It is our understanding that the Successor Agency desires the preparation of a fiscal consultant report ("Report") to enable the refunding of the former Redevelopment Agency's 2005 Tax Allocation Bonds Series A and B. The Report will detail anticipated and projected tax increment revenues generated by the Merged Firebaugh Redevelopment Project Area ("Project Area").

**The Firm**

For over 30 years, RSG has specialized in fiscal consulting services for cities, special districts and successor/redevelopment agencies throughout California. Specifically, RSG's financial services division specializes in projecting revenues and expenditures for many of our clients. Our clients' needs are diverse--from municipal sales, property tax projections, and cost/revenue models to taxing agency pass-through calculations to redevelopment project area revenue projections. What they have in common is the need for a consultant that understands public policy, forecasts that are thorough and reliable, and work completed in a timely and efficient manner.

***RSG staff is comfortable working with key players on any financing team—city staff, underwriters, bond counsel, bond insurers, rating agencies, other financial consultants or credit institutions.***

**Prior Firm Experience:**

To date, RSG has served as fiscal consultant for over 150 financings, involving the issuance of approximately \$3 billion in bonds. Additionally, RSG prepared the Fiscal Consultant Report for Firebaugh's 2005 Tax Allocation financing. Since dissolution, RSG has provided fiscal consultant services to a number of Successor Agencies who are pursuing the refinancing of their existing bonded debt, including the Successor Agency to the Firebaugh Redevelopment Agency. Our extensive experience covers a spectrum of financing sizes and structures including the following:

FISCAL HEALTH  
ECONOMIC DEVELOPMENT  
REAL ESTATE, HOUSING  
AND HEALTHY COMMUNITIES

- Financings ranging from \$1 million to over \$150 million
- Initial offerings and refundings/refinancings
- Issues including escrow components
- Short-term notes and long-term take-out financings
- Tax increment pledges

<b>Agency</b>	<b>Issue/ Date</b>	<b>Par Amount</b>
Redevelopment Agency of the Town of Apple Valley	2007 Tax Allocation Bonds Project Area No. 2	\$37,230,000
Redevelopment Agency of the Town of Apple Valley	2007 Tax Allocation Bonds VVEDA Project Area	\$8,985,000
Atwater Redevelopment Agency	2007 Tax Allocation Bonds, Series A	\$8,475,000
Atwater Redevelopment Agency	2007 Tax Allocation Bonds, Series B	\$2,325,000
Redevelopment Agency of the City of Corona	2007 Tax Allocation Bonds Merged Downtown & Amended Project Area "A"	\$29,550,000
El Cajon Redevelopment Agency	2007 Tax Allocation Bonds	\$15,750,000
El Monte Redevelopment Agency	2007 Tax Allocation Bonds	\$26,305,000
El Monte Redevelopment Agency	2007 Subordinate Tax Allocation Bonds	\$3,205,000
El Monte Public Financing Authority	2010 Series A & B Lease Revenue Bonds, Recovery Zone and Build America	\$19,255,000
Firebaugh Redevelopment Agency	2005 Tax Allocation Bonds	\$7,220,000
Grand Terrace Redevelopment Agency	2011 Tax Allocation Bonds, Series A & B	\$20,825,000
Hollister Community Development Agency	2009 Tax Allocation Bonds	\$8,000,000
Huron Redevelopment Agency	2007 Tax Allocation Refunding Bonds	\$2,445,000
Inland Valley Development Agency	2009 Tax Allocation Bonds	\$27,685,000
Inland Valley Development Agency	2011 Tax Allocation Bonds, Series A-C	\$162,000,000
La Quinta Redevelopment Agency	2011 Tax Allocation Bonds	\$6,000,000
La Quinta Public Financing Authority	2011 Series A Revenue Bonds	\$28,850,000
Loma Linda Redevelopment Agency	2008 Taxable Housing Tax Allocation Bonds	\$8,900,000



<i>Agency</i>	<i>Issue/ Date</i>	<i>Par Amount</i>
Community Development Commission of Maywood Redevelopment Agency of the City of Mesquite (NV)	2007 Tax Allocation Bonds	\$21,650,000
Palm Desert Redevelopment Agency	2009 Tax Increment Revenue Bonds	\$13,915,000
Porterville Redevelopment Agency	2007 Tax Allocation Housing Bonds All Project Areas	\$50,000,00
Porterville Redevelopment Agency	2009 Tax Allocation Bonds, Series A	\$4,565,000
Porterville Redevelopment Agency	2009 Tax Allocation Bonds, Series B	\$2,110,000
Ridgecrest Redevelopment Agency	2010 Tax Allocation Refunding Bonds	\$34,380,000
Rohnert Park Community Development Commission	2007 Tax Allocation Bonds	\$34,680,000
Rohnert Park Community Development Commission	2007 Housing Tax Allocation Bonds	\$26,760,000
San Bernardino Economics Development Agency	2010 Series B Tax Allocation Bonds, Northwest Project Area	\$3,220,000
San Marcos School Financing Authority	2010 Series A Lease Revenue Bonds	\$51,448,000
San Marcos Redevelopment Agency	2010 Housing Tax Allocation Bonds	\$52,805,000
Sparks (NV) Redevelopment Agency	2008 Tax Increment Revenue Bonds	\$12,700,000
Sparks (NV) Redevelopment Agency	Redevelopment Area No. 2 2009 Sub. Lien Tax Increment Revenue Bonds	\$7,230,000
Sparks (NV) Redevelopment Agency	Redevelopment Area No. 2 2010 Tax Increment Revenue Refunding Bonds	\$22,165,000
Twentynine Palms Redevelopment Agency	Town Center Redevelopment Area 2011 Series A & B Tax Allocation Bonds	\$11,575,000
Victor Valley Economic Development Authority	2007 Taxable Housing Revenue Parity Bonds	\$41,460,000
Victor Valley Economic Development Authority	2007 Subordinate Tax Allocation Revenue Bonds	\$42,000,000
Westminster Redevelopment Agency	2008 Tax Allocation Refunding Bonds	\$30,140,000
Westminster Redevelopment Agency	2009 Subordinate Tax Allocation Bonds	\$73,055,000
Westminster Redevelopment Agency	2011 Tax Allocation Bonds, Series A-T	\$40,265,000
	<b>Total Par Amount Issued (Since 2007)</b>	<b>\$999,128,000</b>
	<b>Total Par Amount Issued (Since 2002)</b>	<b>\$2,284,353,828</b>

Kenneth McDonald, City Manager  
CITY OF FIREBAUGH  
March 20, 2014  
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The Report will be based upon the fiscal year 2013-14 property assessment roll as provided by the County of Fresno Assessor's Office. The following work and analysis will be conducted in preparation of the Fiscal Consultant's Report for the proposed financing:

1. Fresno County Auditor Controller's FY 2013-14 tax rate area ("TRA") reports of assessment and tax rate levies for the Project Area will be collected and tabulated.
2. Five year historical assessed valuation and tax increment receipts data for the Project Area will be collected, tabulated, and presented in table form. Review and verification of prior Fresno County Auditor RPTTF Distribution reports will be obtained to confirm the County's method of calculating pass through payments to taxing agencies and to confirm receipts of tax increment for the Project Area.
3. Property sales, which took place after January 1, 2013, will be researched and increased/decreased assessed value from such sales activity will be documented and projected as increases/decreases in assessment value for the appropriate roll year.
4. The effect of any Redevelopment Plan limitation or pass-through agreements on tax increment revenue will be ascertained and calculated. A summary of any such agreements will be included in the Reports.
5. The 2013-14 top ten secured and unsecured taxpayers in the Project Area will be documented for underwriting purposes.
6. The 2013-14 land use breakdown by secured and unsecured value will be tabulated and provided for inclusion in the Reports.
7. Up-to-date assessment appeals information will be researched through the Fresno County Clerk of the Board. Assessment appeals for top ten tax secured payers will also be researched and analyzed.
8. Based upon the information collected and noted above, tax increment revenue projections for the Project Area will be constructed. Projections will calculate gross revenue, and amounts to be allocated to certain taxing agencies pursuant to any pass through agreements.
9. Research and document delinquency rates utilizing information available from the Fresno County Auditor-Controller.
10. Draft and final Fiscal Consultant report will be prepared containing pertinent information from the research enumerated above for inclusion in the proposed refunding bond's Preliminary and Final Official Statement.

#### **SCHEDULE**

We understand that time is of the essence, once given the authorization to proceed; we believe that we can provide the requested draft Reports within three (3) weeks, provided that data provided by external sources (i.e., County departments) within a reasonable and timely manner. RSG staff will make every effort to follow up on requested deadlines from outside data sources.

Kenneth McDonald, City Manager  
CITY OF FIREBAUGH  
March 20, 2014  
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**PROJECT TEAM**

Felise Acosta, Principal-in-Charge will oversee this engagement. Ms. Acosta is a shareholder in the firm, and has over 30 years experience in the field. Tara Matthews, Senior Associate, will serve as Project Manager for this engagement. Other key consulting staff for this engagement includes Jane Carlson, Senior Analyst, who will be involved with various research, data collection, and analysis duties. Other RSG staff will be assigned as needed.

***FEE QUOTE***

RSG proposes to conduct the work for a fixed fee of \$25,000 assuming the Report will be based upon the 2013-14 property assessment roll. The fixed fee is inclusive of all normal incidental expenses associated with preparation of the Reports. Such expenses include copying, mailing costs; fax charges, federal express, and normal travel within Southern California, etc. The fixed fee does not include any extraordinary expenses related to travel outside of Southern California to meet with insurers, rating agencies, or the State Department of Finance. Such expenses would be incurred only after receipt of authorization by the City/ Agency and would be billed as a direct reimbursable.

RSG will hold their billing until the final Report is delivered. Upon delivery of the final Report, RSG will bill the City/Agency 50% of the fixed fee and the amount will be due and payable immediately. The remaining 50% fee amount will be held until the time of bond closing. However, the fee for the Fiscal Report may not be contingent upon the sale of bonds. If the sale is abandoned, RSG will not require payment of the whole fixed fee but will request payment of charges accrued up to the date sale was abandoned. The fixed fee for these services may be placed on the Successor Agency's Recognized Obligation Payment Schedule 2014-15B as a direct expense, contingent upon DOF approval. In the interim, the City and Successor Agency can enter into a loan agreement to cover the cost of this engagement.

If the sale of the bonds extends beyond the date that the 2013-14 assessment roll is still valid, and the Report must be augmented to include information relative to the 2014-15 assessment roll, cost associated with the update of the Report will be outside and above the \$25,000 fixed fee amount. Work related to the update or augmentation will be billed on a time and materials basis utilizing our 2014 hourly rate structure.

**RSG's 2014 hourly rate structure for consultant services is as follows:**

Principal / Director	\$ 210
Senior Associate	\$ 165
Associate	\$ 150
Senior Analyst	\$ 125
Analyst	\$ 115
Research Assistant	\$ 100
Technician	\$ 75
Clerical	\$ 60

Reimbursable Expenses                      Cost plus 10%

Kenneth McDonald, City Manager  
CITY OF FIREBAUGH  
March 20, 2014  
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We appreciate the opportunity to submit our proposal to the City of Firebaugh and Successor Agency to the Firebaugh Redevelopment Agency. We look forward working with the Financing Team and to continuing our working relationship with the City. Please sign and return a copy of this proposal acknowledging acceptance (see below) at your earliest convenience.

Sincerely,  
ROSENOW SPEVACEK GROUP, INC.



Felise Acosta  
Principal



Tara Matthews  
Senior Associate

**ACKNOWLEDGEMENT & ACCEPTANCE**

By:  \_\_\_\_\_

Date: 3/20/2014