



City Council / Successor Agency / Staff Report

DATE: JANUARY 18, 2017 NEW BUSINESS

SUBJECT: RE-ESTABLISH LOANS FROM FORMER REDEVELOPMENT AGENCY

FROM: David H. Ready, City Manager

BY: Suzanne Harrell, City Financial Advisor

SUMMARY

When the State Legislature dissolved all redevelopment agencies, the Community Redevelopment Agency of the City of Palm Springs (Former Agency) had outstanding loans payable to the City. The Legislature subsequently adopted Senate Bill 107 (SB 107), which included a procedure for re-establishing such loans.

The resolutions provide for the approval by the City and the Successor Agency to the Palm Springs Community Redevelopment Agency (Successor Agency) of the Agreement to Re-establish Loans Pursuant to Section 34191.4.

RECOMMENDATION:

Acting as the City Council:

- Adopt Resolution No. ___ "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, APPROVING AN AGREEMENT TO RE-ESTABLISH LOAN PURSUANT TO SECTION 34191.4 BY AND BETWEEN THE CITY OF PALM SPRINGS AND THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY"

Acting as the Successor Agency Board:

- Adopt Resolution No. ___ "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA ACTING SOLELY IN ITS CAPACITY

ITEM NO. S.B.

AS THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY, APPROVING AN AGREEMENT TO RE-ESTABLISH LOAN PURSUANT TO SECTION 34191.4 BY AND BETWEEN THE CITY OF PALM SPRINGS AND THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY”

STAFF ANALYSIS:

In 1991, the City’s Wastewater Treatment Plant Fund loaned the Former Agency \$827,000 to fund the renovation of the Plaza Theatre located in the Central Business District Redevelopment Project and in 1993 the City’s Wastewater Treatment Plant Fund loaned the former Agency \$400,000 to fund the formation costs of the Canyon Redevelopment Project (WWTPF Loans). The WWTPF Loans accrued interest at 6%.

In 2008, the Former Agency agreed to repay the City’s Diversion Facility Fund (now Sustainability Fund) \$1,221,894 advanced to the General Fund for funding of the upfront sublease payment for the 1.77 acre parcel located in the Tahquitz-Andreas Redevelopment Project directly across from the entrance to the Convention Center (Sustainability Fund Loan). The Sustainability Fund Loan accrued interest at 6%.

In fiscal year 2010-11, the City advanced \$2,011,785 to the Former Agency for operating expenses and in fiscal year 2011-12, the City advanced \$1,605,000 to the Former Agency for operating expenses (General Fund Loans). The General Fund Loans accrued interest at 6%.

The General Fund Loans, the WWTPF Loans and the Sustainability Fund Loan, are referred to collectively as the “Loans.” The resolutions of the City and the Successor Agency contain findings that the Loans were made for legitimate redevelopment purposes.

As a result of the Dissolution Act, the Successor Agency was prohibited from making loan payments on the Loans. The State Legislature amended the Dissolution Act by approving SB 107, which includes procedures for re-establishing the Loans in accordance with the provisions therein, and specifically Health & Safety Code Section 34191.4.

The Dissolution Act provides for interest on the Loans to accrue simple interest at 3% from when they were established and that all payments of principal or interest on the Loans made prior to dissolution first be applied to principal on the original Loans and then to accrued interest. The total outstanding balance of the Loans, including such accrued interest calculated in accordance with the Dissolution Act and applying such payments made prior to dissolution in accordance with the Dissolution Act, is \$5,714,572. This is approximately \$350,000 less than the outstanding balance of the

Loans at dissolution, due to the reduction in the interest rates from 6% to 3% and applying the incremental 3% interest paid to the principal balance outstanding. The table below details the outstanding loan amounts and accrued unpaid interest, as well as the estimated future interest and payment totals by fund.

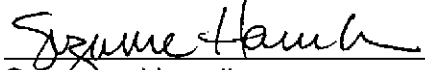
	<u>WWTPF</u>	<u>Sustainability</u>	<u>General Fund</u>	<u>Total</u>
Principal Outstanding	\$0	\$918,576	\$3,616,785	\$4,535,361
Accrued Interest Unpaid	<u>201,620</u>	<u>266,213</u>	<u>711,378</u>	<u>1,179,211</u>
Current Balance	\$201,620	\$1,184,789	\$4,328,163	\$5,714,572
Estimated Future Interest	-	<u>77,753</u>	<u>325,662</u>	<u>403,415</u>
Estimated Total to be Paid	\$201,620	\$1,262,542	\$4,653,825	\$6,117,987

The Loans will be paid over time based on a formula contained in the Section 34191.4. Based on current projections, the Loans could be paid in full by Fiscal Year 2021-22. In accordance with further provisions of the Dissolution Act, 20% of the payment of any of these Loans must be transferred to the City's Housing Successor Agency and used for low- and moderate-income housing purposes.

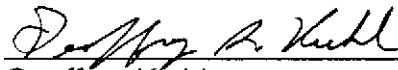
The Successor Agency is required to submit the Agreement to the Oversight Board for its review, approval and determination that the Loans were for a legitimate redevelopment purpose. The State Department of Finance will then review the Oversight Board's determination, and make its own decision to approve the re-establishment of the Loans.

FISCAL IMPACT:

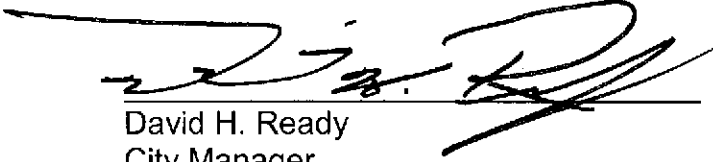
The City's General Fund, Wastewater Treatment Plant Fund and Sustainability Fund will be repaid a total of approximately \$6.12 million in Loans to the Former Agency and interest at 3% ending in FY 2021-22. Including accrued and estimated future interest, approximately \$4.65 million will be repaid to the General Fund, \$202,000 will be repaid to the Wastewater Treatment Plant Fund, and \$1.26 million will be repaid to the Sustainability Fund. 20% of such amounts will be transferred to the Housing Successor Agency.



Suzanne Harrell
City Financial Advisor



Geoffrey Kiehl
Director of Finance and Treasurer



David H. Ready
City Manager



Douglas C. Holland
City Attorney

Attachments:
Resolutions
Agreement to Re-establish Loans Pursuant to Section 34191.4

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, APPROVING AN AGREEMENT TO RE-ESTABLISH LOAN PURSUANT TO SECTION 34191.4 BY AND BETWEEN THE CITY OF PALM SPRINGS AND THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY.

WHEREAS, the Community Redevelopment Agency of the City of Palm Springs ("former Agency") was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* ("CRL"), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Palm Springs ("City"); and

WHEREAS, Assembly Bill x1 26 chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 chaptered and effective on June 27, 2012 (together, the "Dissolution Laws"); and

WHEREAS, as of February 1, 2012 the former Agency was dissolved pursuant to the Dissolution Act and as a separate public entity, corporate and politic the Successor Agency to the Palm Springs Community Redevelopment Agency ("Successor Agency") administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board");

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the affected 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, the City and Successor Agency desire to enter into that certain Agreement to Re-Establish Loan Pursuant to Section 34191.4 pursuant to the Dissolution Laws.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA HEREBY RESOLVES, AS FOLLOWS:

SECTION 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution and such Recitals evidence the intent of the parties regarding the Agreement and loan thereunder.

SECTION 2. Pursuant to the Dissolution Laws, the City approves the Agreement to Re-Establish Loans Pursuant to Section 34191.4 submitted herewith as Exhibit A, which Agreement is incorporated herein by this reference

SECTION 3. The City Council finds that the Loans referenced in the Agreement were incurred for legitimate redevelopment purposes.

ADOPTED THIS 18th DAY OF JANUARY, 2017.

DAVID H. READY, City Manager

ATTEST:

KATHLEEN HART, Interim City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, KATHLEEN HART, Interim City Clerk of the City of Palm Springs, hereby certify that Resolution No. ____ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on January 18, 2017, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

KATHLEEN HART, INTERIM CITY CLERK
City of Palm Springs, California

EXHIBIT A

AGREEMENT TO RE-ESTABLISH LOANS PURSUANT TO SECTION 34191.4

(attached)

AGREEMENT TO RE-ESTABLISH LOANS PURSUANT TO SECTION 34191.4

This **AGREEMENT TO RE-ESTABLISH LOANS PURSUANT TO SECTION 34191.4** ("Agreement") is entered into as of January 4, 2017 ("Date of Agreement") between the **CITY OF PALM SPRINGS**, a charter city and municipal corporation, ("City") and the **SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY**, a public body corporate and politic pursuant to Parts 1.8 and 1.85 of Division 24 of the California Health & Safety Code ("Successor Agency").

RECITALS

A. The City is a charter city and municipal corporation organized and operating under the laws of the State of California.

B. The Successor Agency is a public body corporate and politic, organized and operating under Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code, and the successor the former Community Redevelopment Agency of the City of Palm Springs ("former Agency") that was previously a community redevelopment agency organized and existing pursuant to the Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* ("CRL").

C. Assembly Bill x1 26 ("AB x1 26") chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code and which laws were modified, in part, and determined constitutional by the California Supreme Court in the petition *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 ("*Matosantos Decision*"), which laws and court opinion caused the dissolution of all redevelopment agencies and winding down of the affairs of former redevelopment agencies; thereafter, such laws were amended further by Assembly Bill 1484 ("AB 1484") that was chaptered and effective on June 27, 2012 and by Senate Bill 107 ("SB 107") that was chaptered and effective on September 22, 2015 (together AB x1 26, the *Matosantos Decision*, AB 1484 and SB 107 are referred to as the "Dissolution Laws"). All statutory references herein are to the Health and Safety Code of the Dissolution Laws unless otherwise stated.

D. As of February 1, 2012 the former Agency was dissolved pursuant to the Dissolution Laws and as a separate public entity, corporate and politic the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board").

E. Section 34177(a) permits the Successor Agency to make payments due for enforceable obligations.

F. 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.

G. Section 34191.4(b) authorizes the City and Successor Agency to re-establish prior loans between the City and the former Agency as follows:

- (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 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) For purposes of this section, “loan agreement” means:
- (A) Loans for money entered into between the former redevelopment agency and the city, county, or city and county that created the former redevelopment agency under which the city, county, or city and county that created the former redevelopment agency transferred money to the former redevelopment agency for use by the former redevelopment agency for a lawful purpose, and where the former redevelopment agency was obligated to repay the money it received pursuant to a required repayment schedule.
 - (B) An agreement between the former redevelopment agency and the city, county, or city and county that created the former redevelopment agency under which the city, county, or city and county that created the former redevelopment agency transferred a real property interest to the former redevelopment agency for use by the former redevelopment agency for a lawful purpose and the former redevelopment agency was obligated to pay the city, county, or city and county that created the former redevelopment agency for the real property interest.
- (3) If the oversight board finds that the loan is an enforceable obligation, any interest on the remaining principal amount of the loan that was previously unpaid after the original effective date of the loan shall be recalculated from the date of origination of the loan as approved by the redevelopment agency on a quarterly basis, at a simple interest rate of 3 percent. The recalculated loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years. Moneys repaid shall be applied first to the principal, and second to the interest. The annual loan repayments provided for in the recognized obligation payment schedules shall be subject to all of the following limitations:
- (A) 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, provided, however, that calculation of the amount distributed to taxing entities during the 2012–13 base year shall not include any amounts distributed to taxing entities pursuant to the due diligence review process established in Sections 34179.5 to 34179.8, inclusive. 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. Distributions to the Low and Moderate Income Housing Asset Fund are subject to the reporting requirements of subdivision (f) of Section 34176.1.
 - (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.

H. The Successor Agency received its Finding of Completion from the State Department of Finance (“DOF”) by letter dated January 2, 2014.

I. In 1991, the City’s Wastewater Treatment Plant Fund loaned the former Agency \$827,000 for funding of the renovation of the Plaza Theatre located in the Central Business District Redevelopment Project and in 1993 the City’s Wastewater Treatment Plant Fund loaned the former Agency \$400,000 for funding of the formation costs of the Canyon Redevelopment Project (“WWTPF Loans”). The WWTPF Loans accrued interest at 6%.

J. In 2008, the former Agency agreed to repay the City’s Diversion Facility Fund (now Sustainability Fund) \$1,221,894 advanced to the General Fund for funding of the upfront sublease payment for the 1.77 acre parcel located in the Tahquitz-Andreas Redevelopment Project directly across from the entrance to the Convention Center (“Sustainability Fund Loan”). The Sustainability Fund Loan accrued interest at 6%.

K. In fiscal year 2010-11, the City advanced \$2,011,785 to the former Agency for operating expenses and in fiscal year 2011-12, the City advanced \$1,605,000 to the former Agency for operating expenses (the “General Fund Loans” and together with the WWTPF Loans and the Sustainability Fund Loan, the “Loans”). The General Fund Loans accrued interest at 6%.

L. The redevelopment purpose for the WWTPF Loans and General Fund Loans was that the former Agency did not have adequate funds to carry out redevelopment purpose projects while making mandatory Low and Moderate Income Housing Fund payments, mandatory pass through payments to affected taxing entities, and ongoing mandatory ERAF/SERAF payments to the State of California.

M. The redevelopment purpose for the Sustainability Fund Loan was that the cost to control the property immediately across the street from the Convention Center was properly charged to the former Agency, who would also assist in the development of the parcel with potential for outdoor, park-like seating areas and/or drop off areas necessary for the success of the newly expanded Convention Center.

N. Since the loans were established, and prior to the Dissolution Laws approval, the former Agency made payments on some of the loans as shown in Exhibit A, thereby reducing the principal on such Loans in accordance with the method contained in SB 107 (where all payments are first applied to principal and interest only accrues at 3%); the current amount due under the Loans will be \$5,714,572 as of June 30, 2017, including principal and accrued interest calculated accordance with the method contained in SB 107.

O. By this Agreement, the City and Successor Agency desire to re-enter into and re-establish the Loans on the terms and conditions set forth in this Agreement pursuant to the authority of Section 34191.4 of the Dissolution Laws.

P. By this Agreement, the City and Successor Agency also establish a repayment schedule for the re-established Loans over a reasonable term of years, at a 3% interest rate, and agree to list the Agreement and loan thereunder as an enforceable obligation of the Successor Agency on each successive

ROPS prepared by the Successor Agency, approved by the Oversight Board, and reviewed and approved by the DOF until such loan is repaid in full both principal and interest.

Q. The former Agency did borrow funds from the low to moderate income housing fund to make State-mandated ERAF/SERAF payments, which will be repaid by June 30, 2017, and which payment will be made prior to any repayment of the re-established Loans.

AGREEMENT

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

Section 1. Recitals. The City and Successor Agency represent and warrant to each other that each and all of the respective recitals are true and correct, are a material part hereof, and are hereby incorporated into this Agreement by reference as if fully set forth and such Recitals evidence the intent of the parties regarding the Loan.

Section 2. Loan Amounts. The City's Wastewater Treatment Plant Fund will have outstanding to the Successor Agency in the amount of Two Hundred One Thousand Six Hundred Twenty Dollars (\$201,620) loans as of June 30, 2017 ("WWTPF Loan Amount"). The City's Sustainability Fund will have an outstanding loan to the Successor Agency in the amount of One Million One Hundred Eighty-four Thousand Seven Hundred Eighty-Nine Dollars (\$1,184,789) as of June 30, 2017 ("Sustainability Fund Loan Amount"). The City's General Fund will have outstanding loans to the Successor Agency in the amount of Four Million Three Hundred Twenty-Eight Thousand One Hundred Sixty-Three Dollars (\$4,328,163) as of June 30, 2017 ("General Fund Loan Amount"). The WWTPF Loan Amount, the Sustainability Fund Loan Amount and the General Fund Loan Amount are referred to herein as the "Loan Amounts."

Section 3. Interest. The principal balances of the Loans shall accrue interest at a simple rate of interest of 3%, not compounded, in accordance with calculation method described in Section 34191.4(b)(3) of the CRL.

Section 4. Payment. Annual payments of the principal of the Loans together with accrued interest at a 3% rate described above commence as shown in the repayment schedule attached hereto at Exhibit "A" and installments shall be payable annually. The schedule of payments set forth in Exhibit "A" hereof is a projection of payments representative of the statutory formula outlined in Section 34191.4 (b)(3)(A) of the CRL. The estimated term of repayments may be rendered longer or shorter, depending on the residual amount that will actually be available each fiscal year to repay the total Loan Amounts plus interest. Twenty percent (20%) of any loan repayment shall be deducted from the Loan Amounts repaid 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 SERAF loans and housing deferral repayment have been paid. Transfers to the Low and Moderate Income Housing Asset Fund are subject to the reporting requirements of Section 34176.1(f) of the CRL. Moneys repaid toward the Loan Amounts shall be applied first to the principal, and second to the interest.

Section 5. Subordination. Payment of the Loans and accrued interest thereon is subordinate to the outstanding tax allocation bonds of the former Agency or the Successor Agency. The obligation of the Successor Agency to make payment to the City shall, without necessity of further action by the Successor Agency or City, be junior and subordinate to all other obligations or indebtedness heretofore or hereafter voluntarily incurred by the Successor Agency, including without limitation, to the bond payments.

Section 6. Loan for Legitimate Redevelopment Purpose: Submittal of Agreement to Oversight Board and DOE. The Successor Agency agrees to submit this Agreement to the Oversight Board for its review, approval and determination that the Loans were for a legitimate redevelopment purpose. Thereafter, this Agreement shall be submitted to the DOF for its review and approval pursuant to the Dissolution Laws.

Section 7. Successor Agency to List Agreement as an Enforceable Obligation on Each ROPS until the Loan is Repaid. The Successor Agency agrees to list this Agreement as an enforceable obligation on each ROPS during until repaid in full pursuant to the provisions of the Dissolution Laws, with the amount of that listed enforceable obligation to be the Loan Amounts (or such lesser amount as remains outstanding.)

Section 8. Term. This Agreement shall be in full force and effect from the Date of Agreement until such time as the entire Loan Amounts with interest to accrue thereon have been repaid in full.

Section 9. 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 10. Remedies. In the event of a default, the parties hereto shall be entitled to pursue any and all remedies available at law or equity under California law for purposes of enforcing the terms and conditions of this Agreement.

[Signature blocks on next page]

IN WITNESS WHEREOF, said parties have caused this *Agreement to Re-Establish Loans Pursuant to Section 34191.4* to be executed by their officers duly authorized on the Date of Agreement.

CITY OF PALM SPRINGS

Robert Moon, Mayor

ATTEST:

Kathleen Hart
Interim City Clerk

APPROVED AS TO FORM:

City Attorney

**SUCCESSOR AGENCY TO THE PALM
SPRINGS COMMUNITY
REDEVELOPMENT AGENCY**

Robert Moon, Mayor acting as Chairman of the
Successor Agency

ATTEST:

Kathleen Hart
Interim City Clerk acting as Secretary of the Successor Agency

**EXHIBIT A
SCHEDULE OF LOAN REPAYMENTS**

WWTPF Loans - ROPS Line Item 35 and 36 combined

	Principal Bal	Payment Applied to Principal	Accrued Interest	Payment Applied to Interest	Ending Balance
6/30/2017	-	-	103,540	-	103,540
6/30/2018	-	-	-	(103,540)	-

WWTPF Loans - ROPS Line Item 37

	Principal Bal	Payment Applied to Principal	Accrued Interest	Payment Applied to Interest	Ending Balance
6/30/2017	-	-	98,080	-	98,080
6/30/2018	-	-	-	(98,080)	-

Sustainability Fund Loan - ROPS Line Item 41

	Principal Bal	Payment Applied to Principal	Accrued Interest	Payment Applied to Interest	Ending Balance
6/30/2017	918,576	-	266,213	-	1,184,789
6/30/2018	918,576	(200,280)	27,557	-	1,012,066
6/30/2019	718,296	(200,000)	21,549	-	833,615
6/30/2020	518,296	(200,000)	15,549	-	649,164
6/30/2021	318,296	(200,000)	9,549	-	458,713
6/30/2022	118,296	(118,296)	3,549	(343,966)	-

General Fund Loans - ROPS Line Item 38 and 39 combined

	Principal Bal	Payment Applied to Principal	Accrued Interest	Payment Applied to Interest	Ending Balance
6/30/2017	2,011,785	-	422,478	-	2,434,263
6/30/2018	2,011,785	-	60,354	-	2,494,617
6/30/2019	2,011,785	(1,400,000)	60,354	-	1,154,971
6/30/2020	611,785	(611,785)	18,354	(561,540)	-

General Fund Loans - ROPS Line Item 40

	Principal Bal	Payment Applied to Principal	Accrued Interest	Payment Applied to Interest	Ending Balance
6/30/2017	1,605,000	-	288,900	-	1,893,900
6/30/2018	1,605,000	-	48,150	-	1,942,050
6/30/2019	1,605,000	-	48,150	-	1,990,200
6/30/2020	1,605,000	(200,000)	48,150	-	1,838,350
6/30/2021	1,405,000	(1,405,000)	42,150	-	475,500
6/30/2022	-	-	-	(475,500)	-

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA ACTING SOLELY IN ITS CAPACITY AS THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY, APPROVING AN AGREEMENT TO RE-ESTABLISH LOAN PURSUANT TO SECTION 34191.4 BY AND BETWEEN THE CITY OF PALM SPRINGS AND THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY.

WHEREAS, the City of Palm Springs ("City") is a charter city and municipal corporation organized and operating under the laws of the State of California; and

WHEREAS, the Successor Agency of the Palm Springs Community Redevelopment Agency ("Successor Agency") is a public body corporate and politic, organized and operating under Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code, and the successor the former Community Redevelopment Agency of the City of Palm Springs ("former Agency") that was previously a community redevelopment agency organized and existing pursuant to the Community Redevelopment Law, Health and Safety Code Section 33000, et seq. ("CRL"); and

WHEREAS, Assembly Bill x1 26 chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 chaptered and effective on June 27, 2012 (together, the "Dissolution Laws"); and

WHEREAS, as of February 1, 2012 the former Agency was dissolved pursuant to the Dissolution Act and as a separate public entity, corporate and politic the Successor Agency to the Palm Springs Community Redevelopment Agency ("Successor Agency") administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the affected 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, Section 34177(a) permits the Successor Agency to make payments due for enforceable obligations; and

WHEREAS, 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; and

WHEREAS, Section 34191.4(b) authorizes the City and Successor Agency to re-establish prior loan agreement(s) between the City and the former Agency as follows:

- (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 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) For purposes of this section, "loan agreement" means:
 - (A) Loans for money entered into between the former redevelopment agency and the city, county, or city and county that created the former redevelopment agency under which the city, county, or city and county that created the former redevelopment agency transferred money to the former redevelopment agency for use by the former redevelopment agency for a lawful purpose, and where the former redevelopment agency was obligated to repay the money it received pursuant to a required repayment schedule.
 - (B) An agreement between the former redevelopment agency and the city, county, or city and county that created the former redevelopment agency under which the city, county, or city and county that created the former redevelopment agency transferred a real property interest to the former redevelopment agency for use by the former redevelopment agency for a lawful purpose and the former redevelopment agency was obligated to pay the city, county, or city and county that created the former redevelopment agency for the real property interest.
- (3) If the oversight board finds that the loan is an enforceable obligation, any interest on the remaining principal amount of the loan that was previously unpaid after the original effective date of the loan shall be recalculated from the date of origination of the loan as approved by the redevelopment agency on a quarterly basis, at a simple interest rate of 3 percent. The recalculated loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years. Moneys repaid shall be applied first to the principal, and second to the interest. The annual loan repayments provided for in the recognized obligation payment schedules shall be subject to all of the following limitations:

- (A) 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, provided, however, that calculation of the amount distributed to taxing entities during the 2012–13 base year shall not include any amounts distributed to taxing entities pursuant to the due diligence review process established in Sections 34179.5 to 34179.8, inclusive. 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. Distributions to the Low and Moderate Income Housing Asset Fund are subject to the reporting requirements of subdivision (f) of Section 34176.1.
- (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; and

WHEREAS, the Successor Agency received its Finding of Completion from the State Department of Finance (“DOF”) by letter dated January 2, 2014; and

WHEREAS, in 1991, the City’s Wastewater Treatment Plant Fund loaned the former Agency \$827,000 for funding of the renovation of the Plaza Theatre located in the Central Business District Redevelopment Project and in 1993 the City’s Wastewater Treatment Plant Fund loaned the former Agency \$400,000 for funding of the formation costs of the Canyon Redevelopment Project (“WWTPF Loans”) and such WWTPF Loans accrued interest at 6%; and

WHEREAS, in 2008, the former Agency agreed to repay the City’s Diversion Facility Fund (now Sustainability Fund) \$1,221,894 advanced to the General Fund for funding of the upfront sublease payment for the 1.77 acre parcel located in the Tahquitz-

Andreas Redevelopment Project directly across from the entrance to the Convention Center ("Sustainability Fund Loan") and such Sustainability Fund Loan accrued interest at 6%; and

WHEREAS, in fiscal year 2010-11, the City advanced \$2,011,785 to the former Agency for operating expenses and in fiscal year 2011-12, the City advanced \$1,605,000 to the former Agency for operating expenses (the "General Fund Loans" and together with the WWTPF Loans and the Sustainability Fund Loan, the "Loans") and such General Fund Loans accrued interest at 6%; and

WHEREAS, the redevelopment purpose for the WWTPF Loans and General Fund Loans was that the former Agency did not have adequate funds to carry out redevelopment purpose projects while making mandatory Low and Moderate Income Housing Fund payments, mandatory pass through payments to affected taxing entities, and ongoing mandatory ERAF/SERAF payments to the State of California; and

WHEREAS, the redevelopment purpose for the Sustainability Fund Loan was that the cost to control the property immediately across the street from the Convention Center was properly charged to the former Agency, who would also assist in the development of the parcel with potential for outdoor, park-like seating areas and/or drop off areas necessary for the success of the newly expanded Convention Center; and

WHEREAS, since the loans were established, and prior to the Dissolution Laws approval, the former Agency made payments on some of the loans, thereby reducing the principal on such Loans in accordance with the method contained in Senate Bill 107 (where all payments are first applied to principal and interest only accrues at 3%); and

WHEREAS, the current amount due under the Loans will be \$5,714,572 as of June 30, 2017, including principal and accrued interest calculated accordance with the method contained in Senate Bill 107; and

WHEREAS, the former Agency did borrow funds from the low to moderate income housing fund to make State-mandated ERAF/SERAF payments, which will be repaid by June 30, 2017, and which payment will be made prior to any repayment of the re-established Loans; and

WHEREAS, the City and Successor Agency desire to enter into that certain Agreement to Re-Establish Loan Pursuant to Section 34191.4 pursuant to the Dissolution Laws.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA ACTING SOLELY IN ITS CAPACITY AS THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY HEREBY RESOLVES, AS FOLLOWS:

SECTION 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

SECTION 2. Pursuant to the Dissolution Laws, the Successor Agency finds and determines that the Loans made were for legitimate redevelopment purposes within the meaning of Section 34191.4 and are enforceable obligations.

SECTION 3. The Successor Agency approves that certain Agreement to Re-Establish Loans Pursuant to Section 34191.4, which is attached hereto as Exhibit A and fully incorporated by this reference.

SECTION 4. The Successor Agency approves the re-establishment of the Loans by the Agreement and approves inclusion of the Agreement as an enforceable obligation on each subsequent ROPS until the Loans are repaid in full. In addition, the Successor Agency requests that the Oversight Board authorize and ratify the Agreement, find the loans were for legitimate redevelopment purposes, and authorize its inclusion on recognized obligation payment schedules for the Successor Agency.

ADOPTED THIS 18th DAY OF JANUARY, 2017.

ROBERT MOON, Mayor of the City of Palm Springs acting in his capacity as Chair of the Successor Agency to the Palm Springs Community Redevelopment Agency

ATTEST:

KATHLEEN HART, Interim City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, KATHLEEN HART, Interim City Clerk of the City of Palm Springs, hereby certify that Resolution No. ____ is a full, true and correct copy, and was duly adopted at a regular meeting of the Successor Agency to the Palm Springs Community Redevelopment Agency on January 18, 2017, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

KATHLEEN HART, INTERIM CITY CLERK
City of Palm Springs, California

EXHIBIT A

AGREEMENT TO RE-ESTABLISH LOANS PURSUANT TO SECTION 34191.4

(attached)

AGREEMENT TO RE-ESTABLISH LOANS PURSUANT TO SECTION 34191.4

This **AGREEMENT TO RE-ESTABLISH LOANS PURSUANT TO SECTION 34191.4** (“Agreement”) is entered into as of January 4, 2017 (“Date of Agreement”) between the **CITY OF PALM SPRINGS**, a charter city and municipal corporation, (“City”) and the **SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY**, a public body corporate and politic pursuant to Parts 1.8 and 1.85 of Division 24 of the California Health & Safety Code (“Successor Agency”).

RECITALS

A. The City is a charter city and municipal corporation organized and operating under the laws of the State of California.

B. The Successor Agency is a public body corporate and politic, organized and operating under Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code, and the successor the former Community Redevelopment Agency of the City of Palm Springs (“former Agency”) that was previously a community redevelopment agency organized and existing pursuant to the Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* (“CRL”).

C. Assembly Bill x1 26 (“AB x1 26”) chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code and which laws were modified, in part, and determined constitutional by the California Supreme Court in the petition *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 (“*Matosantos Decision*”), which laws and court opinion caused the dissolution of all redevelopment agencies and winding down of the affairs of former redevelopment agencies; thereafter, such laws were amended further by Assembly Bill 1484 (“AB 1484”) that was chaptered and effective on June 27, 2012 and by Senate Bill 107 (“SB 107”) that was chaptered and effective on September 22, 2015 (together AB x1 26, the *Matosantos Decision*, AB 1484 and SB 107 are referred to as the “Dissolution Laws”). All statutory references herein are to the Health and Safety Code of the Dissolution Laws unless otherwise stated.

D. As of February 1, 2012 the former Agency was dissolved pursuant to the Dissolution Laws and as a separate public entity, corporate and politic the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency’s affairs, all subject to the review and approval by a seven-member oversight board (“Oversight Board”).

E. Section 34177(a) permits the Successor Agency to make payments due for enforceable obligations.

F. 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.

G. Section 34191.4(b) authorizes the City and Successor Agency to re-establish prior loans between the City and the former Agency as follows:

- (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 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) For purposes of this section, “loan agreement” means:
- (A) Loans for money entered into between the former redevelopment agency and the city, county, or city and county that created the former redevelopment agency under which the city, county, or city and county that created the former redevelopment agency transferred money to the former redevelopment agency for use by the former redevelopment agency for a lawful purpose, and where the former redevelopment agency was obligated to repay the money it received pursuant to a required repayment schedule.
 - (B) An agreement between the former redevelopment agency and the city, county, or city and county that created the former redevelopment agency under which the city, county, or city and county that created the former redevelopment agency transferred a real property interest to the former redevelopment agency for use by the former redevelopment agency for a lawful purpose and the former redevelopment agency was obligated to pay the city, county, or city and county that created the former redevelopment agency for the real property interest.
- (3) If the oversight board finds that the loan is an enforceable obligation, any interest on the remaining principal amount of the loan that was previously unpaid after the original effective date of the loan shall be recalculated from the date of origination of the loan as approved by the redevelopment agency on a quarterly basis, at a simple interest rate of 3 percent. The recalculated loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years. Moneys repaid shall be applied first to the principal, and second to the interest. The annual loan repayments provided for in the recognized obligation payment schedules shall be subject to all of the following limitations:
- (A) 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, provided, however, that calculation of the amount distributed to taxing entities during the 2012–13 base year shall not include any amounts distributed to taxing entities pursuant to the due diligence review process established in Sections 34179.5 to 34179.8, inclusive. 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. Distributions to the Low and Moderate Income Housing Asset Fund are subject to the reporting requirements of subdivision (f) of Section 34176.1.
 - (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.

H. The Successor Agency received its Finding of Completion from the State Department of Finance (“DOF”) by letter dated January 2, 2014.

I. In 1991, the City’s Wastewater Treatment Plant Fund loaned the former Agency \$827,000 for funding of the renovation of the Plaza Theatre located in the Central Business District Redevelopment Project and in 1993 the City’s Wastewater Treatment Plant Fund loaned the former Agency \$400,000 for funding of the formation costs of the Canyon Redevelopment Project (“WWTPF Loans”). The WWTPF Loans accrued interest at 6%.

J. In 2008, the former Agency agreed to repay the City’s Diversion Facility Fund (now Sustainability Fund) \$1,221,894 advanced to the General Fund for funding of the upfront sublease payment for the 1.77 acre parcel located in the Tahquitz-Andreas Redevelopment Project directly across from the entrance to the Convention Center (“Sustainability Fund Loan”). The Sustainability Fund Loan accrued interest at 6%.

K. In fiscal year 2010-11, the City advanced \$2,011,785 to the former Agency for operating expenses and in fiscal year 2011-12, the City advanced \$1,605,000 to the former Agency for operating expenses (the “General Fund Loans” and together with the WWTPF Loans and the Sustainability Fund Loan, the “Loans”). The General Fund Loans accrued interest at 6%.

L. The redevelopment purpose for the WWTPF Loans and General Fund Loans was that the former Agency did not have adequate funds to carry out redevelopment purpose projects while making mandatory Low and Moderate Income Housing Fund payments, mandatory pass through payments to affected taxing entities, and ongoing mandatory ERAF/SERAF payments to the State of California.

M. The redevelopment purpose for the Sustainability Fund Loan was that the cost to control the property immediately across the street from the Convention Center was properly charged to the former Agency, who would also assist in the development of the parcel with potential for outdoor, park-like seating areas and/or drop off areas necessary for the success of the newly expanded Convention Center.

N. Since the loans were established, and prior to the Dissolution Laws approval, the former Agency made payments on some of the loans as shown in Exhibit A, thereby reducing the principal on such Loans in accordance with the method contained in SB 107 (where all payments are first applied to principal and interest only accrues at 3%); the current amount due under the Loans will be \$5,714,572 as of June 30, 2017, including principal and accrued interest calculated accordance with the method contained in SB 107.

O. By this Agreement, the City and Successor Agency desire to re-enter into and re-establish the Loans on the terms and conditions set forth in this Agreement pursuant to the authority of Section 34191.4 of the Dissolution Laws.

P. By this Agreement, the City and Successor Agency also establish a repayment schedule for the re-established Loans over a reasonable term of years, at a 3% interest rate, and agree to list the Agreement and loan thereunder as an enforceable obligation of the Successor Agency on each successive

ROPS prepared by the Successor Agency, approved by the Oversight Board, and reviewed and approved by the DOF until such loan is repaid in full both principal and interest.

Q. The former Agency did borrow funds from the low to moderate income housing fund to make State-mandated ERAF/SERAF payments, which will be repaid by June 30, 2017, and which payment will be made prior to any repayment of the re-established Loans.

AGREEMENT

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

Section 1. Recitals. The City and Successor Agency represent and warrant to each other that each and all of the respective recitals are true and correct, are a material part hereof, and are hereby incorporated into this Agreement by reference as if fully set forth and such Recitals evidence the intent of the parties regarding the Loan.

Section 2. Loan Amounts. The City's Wastewater Treatment Plant Fund will have outstanding to the Successor Agency in the amount of Two Hundred One Thousand Six Hundred Twenty Dollars (\$201,620) loans as of June 30, 2017 ("WWTPF Loan Amount"). The City's Sustainability Fund will have an outstanding loan to the Successor Agency in the amount of One Million One Hundred Eighty-four Thousand Seven Hundred Eighty-Nine Dollars (\$1,184,789) as of June 30, 2017 ("Sustainability Fund Loan Amount"). The City's General Fund will have outstanding loans to the Successor Agency in the amount of Four Million Three Hundred Twenty-Eight Thousand One Hundred Sixty-Three Dollars (\$4,328,163) as of June 30, 2017 ("General Fund Loan Amount"). The WWTPF Loan Amount, the Sustainability Fund Loan Amount and the General Fund Loan Amount are referred to herein as the "Loan Amounts."

Section 3. Interest. The principal balances of the Loans shall accrue interest at a simple rate of interest of 3%, not compounded, in accordance with calculation method described in Section 34191.4(b)(3) of the CRL.

Section 4. Payment. Annual payments of the principal of the Loans together with accrued interest at a 3% rate described above commence as shown in the repayment schedule attached hereto at Exhibit "A" and installments shall be payable annually. The schedule of payments set forth in Exhibit "A" hereof is a projection of payments representative of the statutory formula outlined in Section 34191.4 (b)(3)(A) of the CRL. The estimated term of repayments may be rendered longer or shorter, depending on the residual amount that will actually be available each fiscal year to repay the total Loan Amounts plus interest. Twenty percent (20%) of any loan repayment shall be deducted from the Loan Amounts repaid 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 SERAF loans and housing deferral repayment have been paid. Transfers to the Low and Moderate Income Housing Asset Fund are subject to the reporting requirements of Section 34176.1(f) of the CRL. Moneys repaid toward the Loan Amounts shall be applied first to the principal, and second to the interest.

Section 5. Subordination. Payment of the Loans and accrued interest thereon is subordinate to the outstanding tax allocation bonds of the former Agency or the Successor Agency. The obligation of the Successor Agency to make payment to the City shall, without necessity of further action by the Successor Agency or City, be junior and subordinate to all other obligations or indebtedness heretofore or hereafter voluntarily incurred by the Successor Agency, including without limitation, to the bond payments.

Section 6. Loan for Legitimate Redevelopment Purpose; Submittal of Agreement to Oversight Board and DOE. The Successor Agency agrees to submit this Agreement to the Oversight Board for its review, approval and determination that the Loans were for a legitimate redevelopment purpose. Thereafter, this Agreement shall be submitted to the DOF for its review and approval pursuant to the Dissolution Laws.

Section 7. Successor Agency to List Agreement as an Enforceable Obligation on Each ROPS until the Loan is Repaid. The Successor Agency agrees to list this Agreement as an enforceable obligation on each ROPS during until repaid in full pursuant to the provisions of the Dissolution Laws, with the amount of that listed enforceable obligation to be the Loan Amounts (or such lesser amount as remains outstanding.)

Section 8. Term. This Agreement shall be in full force and effect from the Date of Agreement until such time as the entire Loan Amounts with interest to accrue thereon have been repaid in full.

Section 9. 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 10. Remedies. In the event of a default, the parties hereto shall be entitled to pursue any and all remedies available at law or equity under California law for purposes of enforcing the terms and conditions of this Agreement.

[Signature blocks on next page]

IN WITNESS WHEREOF, said parties have caused this *Agreement to Re-Establish Loans Pursuant to Section 34191.4* to be executed by their officers duly authorized on the Date of Agreement.

CITY OF PALM SPRINGS

Robert Moon, Mayor

ATTEST:

Kathleen Hart
Interim City Clerk

APPROVED AS TO FORM:

City Attorney

**SUCCESSOR AGENCY TO THE PALM
SPRINGS COMMUNITY
REDEVELOPMENT AGENCY**

Robert Moon, Mayor acting as Chairman of the
Successor Agency

ATTEST:

Kathleen Hart
Interim City Clerk acting as Secretary of the Successor Agency

**EXHIBIT A
SCHEDULE OF LOAN REPAYMENTS**

WWTPF Loans - ROPS Line Item 35 and 36 combined

	Principal Bal	Payment Applied to Principal	Accrued Interest	Payment Applied to Interest	Ending Balance
6/30/2017	-	-	103,540	-	103,540
6/30/2018	-	-	-	(103,540)	-

WWTPF Loans - ROPS Line Item 37

	Principal Bal	Payment Applied to Principal	Accrued Interest	Payment Applied to Interest	Ending Balance
6/30/2017	-	-	98,080	-	98,080
6/30/2018	-	-	-	(98,080)	-

Sustainability Fund Loan - ROPS Line Item 41

	Principal Bal	Payment Applied to Principal	Accrued Interest	Payment Applied to Interest	Ending Balance
6/30/2017	918,576	-	266,213	-	1,184,789
6/30/2018	918,576	(200,280)	27,557	-	1,012,066
6/30/2019	718,296	(200,000)	21,549	-	833,615
6/30/2020	518,296	(200,000)	15,549	-	649,164
6/30/2021	318,296	(200,000)	9,549	-	458,713
6/30/2022	118,296	(118,296)	3,549	(343,966)	-

General Fund Loans - ROPS Line Item 38 and 39 combined

	Principal Bal	Payment Applied to Principal	Accrued Interest	Payment Applied to Interest	Ending Balance
6/30/2017	2,011,785	-	422,478	-	2,434,263
6/30/2018	2,011,785	-	60,354	-	2,494,617
6/30/2019	2,011,785	(1,400,000)	60,354	-	1,154,971
6/30/2020	611,785	(611,785)	18,354	(561,540)	-

General Fund Loans - ROPS Line Item 40

	Principal Bal	Payment Applied to Principal	Accrued Interest	Payment Applied to Interest	Ending Balance
6/30/2017	1,605,000	-	288,900	-	1,893,900
6/30/2018	1,605,000	-	48,150	-	1,942,050
6/30/2019	1,605,000	-	48,150	-	1,990,200
6/30/2020	1,605,000	(200,000)	48,150	-	1,838,350
6/30/2021	1,405,000	(1,405,000)	42,150	-	475,500
6/30/2022	-	-	-	(475,500)	-