

TO: Thomas Frutche, City Manager

FROM: Jim Throop, Director of Administrative Services

SUBJECT: Resolution of the Successor Agency to the El Paso de Robles Community Redevelopment Agency Approving the Amended and Restated Reimbursement Agreement for Refinancing an Enforceable Obligation Between the City of Paso Robles and the Successor Agency to the El Paso de Robles Community Redevelopment Agency

DATE: June 21, 2016

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Needs: That the Successor Agency to the El Paso de Robles Community Redevelopment Agency approve the amended and restated reimbursement agreement for the refinancing of an enforceable obligation between the City of Paso Robles and the Successor Agency to the El Paso de Robles Community Redevelopment Agency.

Facts:

1. The El Paso de Robles Community Redevelopment Agency entered into a Reimbursement Agreement with the City of Paso Robles in November 1993 for the purpose of constructing a public library and other public buildings of benefit to the Redevelopment Project.
2. Pursuant to AB 1X 26, the former agency, along with all other redevelopment agencies in California, was dissolved as of February 1, 2012.
3. City Council determined that the City would serve as the Successor Agency for the former Redevelopment Agency.
4. The former Agency was authorized, with the consent of Council, to pay all of the costs for the land and installation and construction of any building, facility, structure or other improvement which are publicly owned within the Redevelopment Project, as such were a benefit to the Redevelopment Project.
5. The former Redevelopment Agency agreed to provide reimbursement to the City the moneys paid as lease payments under a lease agreement dated November 1, 1993.
6. The Agency refinanced the lease agreement in 2004 with Certificates of Participation (COP), with a continuation of the Former Agency's obligations under the Reimbursement Agreement.
7. It has been determined that it would save the City and former Agency interest expense by refinancing the 2004 COPs.

8. The California State Department of Finance recognized the Reimbursement Agreement as enforceable obligation of the Agency.

Analysis and

Conclusion: The City's Redevelopment Agency entered into a Reimbursement Agreement with the City for the reimbursement of expenses related to the construction of the City's Library. The 1993 lease agreement was refinanced in 2004 due to the ability to reduce the interest expense. Due to the current financial climate, it would be advantageous for the City to again refinance the 2004 COPs, such that the City and the Successor Agency would again experience a savings in interest expense.

Policy

Reference: "Live Within Our Means"

Fiscal

Impact: The City's Successor Agency will experience a savings in interest expense. This savings will be apportioned out to the all of the taxing entities within the previous Redevelopment Project area. It is estimated that the City's General Fund will experience a net inflow in additional property tax revenue of approximately \$20,000 per year for the next six years, at which time the debt will be completely paid off.

Options:

- a. The City's Successor Agency approve Resolution SA 16-XXX and the amended and restated reimbursement agreement between the Successor Agency and the City of Paso Robles, such that a savings in interest expense will occur; or
- b. Take no action and maintain the current reimbursement agreement.

Attachments:

1. Resolution SA 16-XXX
2. Amended and Restated Reimbursement Agreement

RESOLUTION NO. SA 16-\_\_\_\_

RESOLUTION OF THE SUCCESSOR AGENCY TO THE EL PASO DE ROBLES COMMUNITY REDEVELOPMENT AGENCY APPROVING THE AMENDED AND RESTATED REIMBURSEMENT AGREEMENT FOR REFINANCING AN ENFORCEABLE OBLIGATION BETWEEN THE CITY OF EL PASO DE ROBLES AND THE SUCCESSOR AGENCY TO THE EL PASO DE ROBLES COMMUNITY REDEVELOPMENT AGENCY

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WHEREAS, on November 1, 1993, the El Paso De Robles Community Redevelopment Agency (the “Former Agency”) entered into a Reimbursement Agreement with the City of El Paso De Robles (the “City”) for the purpose of constructing a public library and other public buildings of benefit to the Redevelopment Project; and

WHEREAS, pursuant to AB 1X 26, enacted June 28, 2011, as found constitutional and as partially reformed by California Supreme Court’s December 29, 2011 decision in *California Redevelopment Assn. v. Matosantos* (2011) 53 Cal.4th 231, and as amended by AB 1484, enacted June 27, 2012, and SB 107, enacted September 22, 2015, (the “Dissolution Act”), the Former Agency, along with all other redevelopment agencies in California, was dissolved as of February 1, 2012; and

WHEREAS, pursuant to Health and Safety Code section 34173, the City Council of the City elected and determined that the City would serve as the Successor Agency to the Former Agency (“Successor Agency”), and upon dissolution of the Former Agency, all authorities, rights, powers, duties and obligations previously vested with the Former Agency under the Community Redevelopment Law were vested in the Successor Agency; and

WHEREAS, the Former Agency was authorized, with the consent of the City Council of the City, to pay all or pay of the value of the land for and the cost of the installation and construction of any building, facility, structure or other improvements which are publicly owned within the Redevelopment Project, upon a determination by the Agency and said City Council that such buildings, facilities, structures or other improvements were of benefit the Redevelopment Project; and

WHEREAS, when the value of such land or the cost of the installation and construction of such building, facility, structure or other improvement, or both, was paid or provided for initially by the City, the Former Agency was authorized to enter into a contract with the City under which it agrees to reimburse the City for all or part of the cost of such building, facility, structure or other improvement, or both, by periodic payments over a period of years; and

WHEREAS, the Former Agency agreed to provide for reimbursement to the City of a portion of the moneys paid as lease payments under a lease agreement dated November 1, 1993 (the “1993 Lease Agreement”), entered into between the City and the El Paso De Robles Public Financing Authority (the “Authority”), providing for the lease by the City of certain land and improvements (the “Project”), and, in furtherance thereof, the City and the Former Agency made such findings

and conducted such public hearings as were necessary to comply with the provisions of sections 33445 and 33679 of the California Health and Safety Code; and

WHEREAS, the Former Agency and City Council determined that the Project was essential to redevelopment of the areas included within the Redevelopment Project, and had a general benefit to City and its residents and, accordingly, the Former Agency entered into a Reimbursement Agreement dated as of November 1, 1993, for the sole purpose of securing or repaying a portion of the indebtedness for the Project and which payments were secured by a pledge of the Former Agency's tax increment revenues; and

WHEREAS, the Authority refinanced the 1993 lease agreement with 2004 Certificates of Participation, with a continuation of the Former Agency's obligations under the Reimbursement Agreement; and

WHEREAS, the City has determined that it is in its best interest to refinance the 2004 Certificates of Participation by entering into a new lease agreement (the "Lease Agreement") between the City and the Authority; and

WHEREAS, the California Department of Finance has recognized the Reimbursement Agreement as an enforceable obligation of the Agency; and

WHEREAS, the Dissolution Act allows a successor agency to amend an existing enforceable obligation provided that (i) the enforceable obligation is amended in connection with a refunding of the bonds or other obligations of the political subdivision so that the enforceable obligation will apply to the refunding bonds or other refunding indebtedness of the political subdivision; (ii) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (iii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness to establish customary debt service reserves and to pay related costs of issuance, as set forth in Health and Safety Code section 34177.5(a)(3); and

WHEREAS, the Agency has determined that the refinancing meets the conditions set forth in Health and Safety Code section 34177.5; and

WHEREAS, the Successor Agency receives funding to pay enforceable obligations through the submission of a Recognized Obligation Payment Schedule ("ROPS"), which lists the Successor Agency's anticipated expenses, and must be approved by the Oversight Board and DOF; and

WHEREAS, the Successor Agency is authorized to amend enforceable obligations under which the Successor Agency is obligated to pay the City for payment of debt service on an obligation under Section 34177.5(a)(3) of the Dissolution Act, provided that the Agreement is approved by the Oversight Board for the Successor Agency; and

WHEREAS, the City and Successor Agency now desire to enter into an Amended and Restated Reimbursement Agreement to memorialize the terms and conditions of the Successor Agency's reimbursement to the City to pay Lease Payments under the Lease Agreement.

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE EL PASO DE ROBLES COMMUNITY REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals and Findings. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference. The Successor Agency finds as follows:

(a) the Reimbursement Agreement is amended in connection with the refunding of the Lease Agreement with the 2016 Lease and payments made under the Amended and Restated Reimbursement Agreement will apply to debt service relating to the 2016 Lease;

(b) the provisions of Section 34177.5(a)(3)(B) shall be complied with; and

(c) the provisions of Section 34177.5(a)(3)(C) shall be complied with.

Section 2. CEQA Compliance. The approval of this Resolution does not commit the Successor Agency to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

Section 3. Approval of the Agreement. The Board of the Successor Agency hereby approves the Amended and Restated Reimbursement Agreement in the form attached hereto as Exhibit A and the Executive Director is authorized to execute this agreement on behalf of the Successor Agency.

Section 4. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 5. Certification. The Secretary of the Successor Agency shall certify to the adoption of this Resolution.

Section 6. Transmittal of Agreement to Oversight Board. The Executive Director of the Successor Agency is hereby authorized and directed submit the Agreement to the Oversight Board for its consideration and approval.

Section 7.      Effective Date. This Resolution shall not be effective for five (5) business days following approval of the Agreement by the Oversight Board, pending a request for review of the Oversight Board action with regard to this Agreement by the DOF.

APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2016.

AYES:

NOES:

ABSENT:

ABSTAIN:

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

ATTEST:

\_\_\_\_\_  
Secretary

EXHIBIT A

AMENDED AND RESTATED REIMBURSEMENT AGREEMENT

[to be inserted]

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**AMENDED AND RESTATED REIMBURSEMENT AGREEMENT**

**by and between the**

**SUCCESSOR AGENCY TO THE EL PASO DE ROBLES  
COMMUNITY REDEVELOPMENT AGENCY**

**and the**

**CITY OF EL PASO DE ROBLES, CALIFORNIA**

**Dated as of \_\_\_\_\_, 2016**

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## **AMENDED AND RESTATED REIMBURSEMENT AGREEMENT**

THIS AMENDED AND RESTATED REIMBURSEMENT AGREEMENT (the “Reimbursement Agreement”) dated as of \_\_\_\_\_, 2016, by and between the SUCCESSOR AGENCY TO THE EL PASO DE ROBLES COMMUNITY REDEVELOPMENT AGENCY, a public body corporate and politic (“Agency”), and the CITY OF EL PASO DE ROBLES, a municipal corporation and general law city organized and existing under the laws of the State of California (“City”);

### **WITNESSETH:**

WHEREAS, the El Paso de Robles Community Redevelopment Agency (“Former Agency”) was a duly constituted redevelopment agency under the laws of the State of California and pursuant to such laws duly proceeded with redevelopment activities necessary for the implementation of the Paso Robles Redevelopment Project (the “Redevelopment Project”) under the provisions of the California Community Redevelopment Law (the “Law”) and pursuant to the Redevelopment Plan for the Project (the “Redevelopment Plan”);

WHEREAS, the Redevelopment Plan for the Redevelopment Project provides for tax increment financing in accordance with the provisions of Chapter 6, Part 1 of Division 24 of the California Health and Safety Code and Section 16 of Article XVI of the Constitution of the State of California;

WHEREAS, pursuant to AB 1X 26, enacted June 28, 2011, as found constitutional and as partially reformed by California Supreme Court’s December 29, 2011 decision in California Redevelopment Assn. v. Matosantos (2011) 53 Cal.4th 231, and as amended by AB 1484, enacted June 27, 2012, and SB 107, enacted September 22, 2015 (the “Dissolution Act”), the Former Agency, along with all other redevelopment agencies in California, was dissolved as of February 1, 2012; and

WHEREAS, the Agency is the successor agency to the Former Agency, pursuant to Health and Safety Code section 34173 and has assumed all of the obligations of the Former Agency; and

WHEREAS, the Former Agency was authorized, with the consent of the City Council of the City, to pay all or pay of the value of the land for and the cost of the installation and construction of any building, facility, structure or other improvements which are publicly owned within the Redevelopment Project, upon a determination by the Agency and said City Council that such buildings, facilities, structures or other improvements were of benefit the Redevelopment Project; and

WHEREAS, when the value of such land or the cost of the installation and construction of such building, facility, structure or other improvement, or both, was paid or provided for initially by the City, the Former Agency was authorized to enter into a contract with the City under which it agrees to reimburse the City for all or part of the cost of such building, facility, structure or other improvement, or both, by periodic payments over a period of years; and

WHEREAS, the Former Agency agreed to provide for reimbursement to the City of a portion of the moneys paid as lease payments under a lease agreement dated November 1, 1993 (the "1993 Lease Agreement"), entered into between the City and the El Paso De Robles Public Financing Authority (the "Authority"), providing for the lease by the City of certain land and improvements (the "Project"), and, in furtherance thereof, the City and the Former Agency made such findings and conducted such public hearings as were necessary to comply with the provisions of sections 33445 and 33679 of the California Health and Safety Code; and

WHEREAS, the Former Agency and City Council determined that the Project was essential to redevelopment of the areas included within the Redevelopment Project, and had a general benefit to City and its residents and, accordingly, the Former Agency entered into a Reimbursement Agreement dated as of November 1, 1993, for the sole purpose of securing or repaying a portion of the indebtedness for the Project and which payments were secured by a pledge of the Former Agency's tax increment revenues; and

WHEREAS, the Authority refinanced the 1993 lease agreement with 2004 Certificates of Participation, with a continuation of the Former Agency's obligations under the Reimbursement Agreement; and

WHEREAS, the City has determined that it is in its best interest to refinance the 2004 Certificates of Participation by entering into a new lease agreement (the "Lease Agreement") between the City and the Authority; and

WHEREAS, the California Department of Finance has recognized the Reimbursement Agreement as an enforceable obligation of the Agency; and

WHEREAS, the Dissolution Act allows a successor agency to amend an existing enforceable obligation provided that (i) the enforceable obligation is amended in connection with a refunding of the bonds or other obligations of the political subdivision so that the enforceable obligation will apply to the refunding bonds or other refunding indebtedness of the political subdivision; (ii) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (iii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness to establish customary debt service reserves and to pay related costs of issuance, as set forth in Health and Safety Code section 34177.5; and

WHEREAS, the Agency has determined that the refinancing meets the conditions set forth in Health and Safety Code section 34177.5

NOW, THEREFORE, in consideration of the mutual covenants herein contained in its agreed by and between the parties hereto, as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Reimbursement Agreement and of any amendment hereto, and of any certificate, opinion, estimate or other document herein mentioned, have the

meanings herein specified. Any capitalized term not defined herein shall have the meaning given to such term in the Lease Agreement.

“Agency” means the Successor Agency to the El Paso De Robles Community Redevelopment Agency, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California.

“Authority” means the El Paso De Robles Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California.

“City” means the City of El Paso De Robles, California, a general law city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“Dissolution Act” means AB 1X 26, enacted June 28, 2011, as found constitutional and as partially reformed by California Supreme Court’s December 29, 2011 decision in California Redevelopment Assn. v. Matosantos (2011) 53 Cal.4th 231, and as amended by AB 1484, enacted June 27, 2012.

“Law” means the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California and the acts amendatory thereof and in supplement thereto. Whenever reference is made in this Reimbursement Agreement to the Law, reference is made to the Law as in force on the date of the execution of this Reimbursement Agreement, unless the context otherwise requires.

“Property Tax Revenues” means all taxes determined by the San Luis Obispo County Auditor-Controller that would have been allocated to the Former Agency had the Former Agency not been dissolved, as set forth in the Dissolution Act at Health and Safety Code section 34182 and deposited into the Redevelopment Property Tax Trust Fund.

## Section 2. Reimbursement.

(a) To assist the City in paying the cost of the acquisition and construction of the Project, the Agency and the City agreed that Property Tax Revenues shall be used and applied to repay the City for all Lease Payments made by the City to the Authority under the Lease Agreement for the Project and shall be used and applied to pay such Lease Payments.

(b) Subject to pledges of Property Tax Revenues heretofore or hereafter made by the Agency, to the extent necessary but only to the extent available in any fiscal year, the Agency hereby agrees to make payments from Property Tax Revenues to pay to the City an amount equal to the amounts shown in each of the years set forth on Exhibit A attached hereto representing an amount equal to 100% of the Lease Payments required to be made by the City of the Authority under the Lease Agreement including the principal and interest components thereof. In the event the Agency does not have sufficient Property Tax Revenues in a particular year to make such payment or any portion thereof, the City agrees to allow the Agency to carry the balance forward until there is sufficient Property Tax Revenues available to meet said obligation or the City may, in its discretion, waive such payments(s). The earliest payments carried forward shall be paid

first from available Property Tax Revenues and then the next payments due, until the Agency has come current with the required payment schedule.

Section 3. Pledge and Assignment. The Agency hereby, for the security of the Agency's payment obligation hereunder, pledges the Tax Increment Revenue to the City, and creates a first and prior lien thereon, for the benefit of the City.

Section 4. Term. The term of this Reimbursement Agreement shall commence on the date of recordation of the Lease Agreement in the Office of the County Recorder of San Luis Obispo County, State of California, and shall end on December 1, 2023, unless the term of the Lease Agreement is extended or sooner terminated as provided therein. If, on December 1, 2023, the aggregate amount of Lease Payments shall not have been paid, or provision shall not have been made for their payment, then the term of this Reimbursement Agreement shall be extended until such Lease Payments shall be fully paid or provision made for such payment. If, prior to December 1, 2023, all Lease Payments shall be fully paid or provision made for such payment in accordance with the Lease Agreement, the term of this Reimbursement Agreement shall end on such earlier date.

*(Signature page follows)*

IN WITNESS HEREOF, the parties hereto have executed this Reimbursement Agreement as of the day and year first above written.

SUCCESSOR AGENCY TO THE EL PASO  
DE ROBLES COMMUNITY  
REDEVELOPMENT AGENCY

By: \_\_\_\_\_  
Executive Director

ATTEST:

\_\_\_\_\_  
Secretary

CITY OF EL PASO DE ROBLES,  
CALIFORNIA

By: \_\_\_\_\_  
Authorized Officer

ATTEST:

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

*-Signature Page-  
Amended and Restated Reimbursement Agreement*

**EXHIBIT A**  
**SCHEDULE OF LEASE PAYMENTS**

<b><u>Period Ending</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Debt Service</u></b>	<b><u>Annual Debt Service</u></b>
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