

JOINT CITY COUNCIL/SUCCESSOR AGENCY

SUBJECT: AGREEMENT FOR REIMBURSEMENT OF COSTS AND CITY/SUCCESSOR AGENCY OPERATIONS LOAN

SOURCE: COMMUNITY DEVELOPMENT DEPARTMENT
FINANCE DEPARTMENT

COMMENT: The Successor Agency anticipates a deficit of up to \$110,000 in the current Recognized Obligation Payment Schedule (ROPS) 13-14A period (July-December 2013). Additionally, the City has routinely provided staff and administrative support to the Successor Agency and it is appropriate to document this relationship and the Successor Agency's obligation to pay or reimburse the City for such administrative expenses on an ongoing basis.

Subject to Oversight Board approval, pursuant to Health & Safety Code Sections 34173(h), 34178(a) and 34180(h), the City and Successor Agency may enter into an agreement for the City to pay for enforceable obligations and administrative expenses of the Successor Agency (as shown on the approved administrative budget and ROPS), subject to repayment from future Redevelopment Property Tax Trust Funds ("RPTTF"), as such RPTTF moneys become available.

To ensure provision of the necessary services from the City to support the Successor Agency's responsibilities in winding down the activities of the former Porterville Redevelopment Agency and under the proposed Administrative Budget, and to enable the Successor Agency to make timely payments on the former Agency's Tax Allocation Bonds and the Rural Economic Development Infrastructure Program (REDIP) loan during the current ROPS 13-14A period, it is necessary that the City and the Successor Agency enter into an Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan ("Agreement") in substantially the form provided herewith.

The Agreement provides for the City to provide administrative support to the Successor Agency on an ongoing basis, as has been the City's practice, and for the Successor Agency to reimburse the City for the costs of such administrative support activities. Additionally, in the event that insufficient RPTTF moneys are available to pay some or all of the Successor Agency's enforceable obligations and/or administrative expenses (as is the case for the current ROPS 13-14A period), the Agreement provides for the City to loan the needed funds to the Successor Agency and for the Successor Agency to repay such loan to the City, plus interest calculated at the LAIF rate, when adequate RPTTF moneys become available to the Successor Agency for such purpose.

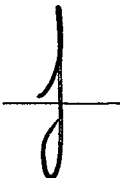
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Appropriated/Funded



CM



Item No. SA-01

RECOMMENDATION: That the City and Successor Agency:

1. Adopt the attached resolutions approving the Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan; and
2. Authorize the City Manager and Finance Director, on behalf of the Successor Agency, to transmit the Agreement to the Oversight Board, the Tulare County Administrative Officer, the Tulare County Auditor-Controller, and the California Department of Finance, in accordance with Health & Safety Code Section 34180(j).

ATTACHMENTS:

1. City Resolution Approving an Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan between the City and Successor Agency
2. Successor Agency Resolution Approving an Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan between the City and Successor Agency
3. Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan

RESOLUTION _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
PORTERVILLE APPROVING AN AGREEMENT FOR REIMBURSEMENT
OF COSTS AND CITY/SUCCESSOR AGENCY OPERATIONS LOAN BY AND
BETWEEN THE CITY OF PORTERVILLE AND THE SUCCESSOR AGENCY
TO THE PORTERVILLE REDEVELOPMENT AGENCY PURSUANT TO
HEALTH & SAFETY CODE SECTION 34173(h), AND MAKING CERTAIN
FINDINGS IN ACCORDANCE THEREWITH

WHEREAS, the City of Porterville (“City”) is a municipal corporation and charter city organized and operating under the laws of the State of California; and

WHEREAS, the Successor Agency to the Porterville Redevelopment Agency (“Successor Agency”) is a public entity corporate and politic, organized and operating under Part 1.85 of Division 24 of the Dissolution Act (as defined below); and

WHEREAS, the Porterville Redevelopment Agency (“former Agency”) previously was a California public body, corporate and politic, duly formed by the City Council of the City (“City Council”) and organized, existing and exercising the powers of a community redevelopment agency under the California Community Redevelopment Law, Health & Safety Code Section 33000, *et seq.*; and

WHEREAS, 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, 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 (together AB x1 26, the Matosantos Decision, and AB 1484 are referred to as the “Dissolution Act”); and

WHEREAS, all statutory references herein are to the Dissolution Act unless otherwise stated; and

WHEREAS, as of February 1, 2012, the former Agency became a dissolved community redevelopment agency pursuant to the Dissolution Act; and

WHEREAS, as of and on and after February 1, 2012, the Successor Agency is performing its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the former Agency and is engaged in activities necessary and appropriate to wind down the activities of the former Agency’s Porterville Redevelopment Project No. 1 that was originally adopted and amended by ordinances of the City Council, and otherwise unwind the former Agency’s affairs, all subject to the review and approval by a seven-member Oversight Board formed thereunder; and

Attachment 1

WHEREAS, Successor Agency has adopted an Administrative Budget and a Recognized Obligation Payment Schedule (“ROPS”) pursuant to Health and Safety Code Section 34177, subdivisions (j) and (l), for the period from July 1, 2013 to December 31, 2013 (“ROPS 13-14A Period”), both of which have been approved by the Oversight Board to the Successor Agency (“Oversight Board”) and the California Department of Finance (“DOF”); and

WHEREAS, Successor Agency anticipates that there will be a deficit of Redevelopment Property Tax Trust Funds (“RPTTF”) available to pay enforceable obligations and administrative expenses as shown on the approved administrative budget (“Administrative Budget”) and ROPS for the ROPS 13-14A Period in the amount of approximately \$110,000 (“ROPS 13-14A Deficit Amount”); and

WHEREAS, Successor Agency anticipates that RPTTF deficits may occur in future ROPS periods as well (“Future Deficit Amount”), although it is not possible to accurately predict future RPTTF revenues; and

WHEREAS, in addition, employees of the City perform day-to-day administration and operation of the Successor Agency's duties and functions; since the former Agency was originally formed and upon the Successor Agency's effectiveness as of February 1, 2012, the City has provided and shall continue to provide services to the Successor Agency, including but not limited to providing administrative, accounting, auditing, planning, engineering, legal, risk management, financial, clerical, record-keeping, and other services necessary for the Successor Agency to carry out its responsibilities; and

WHEREAS, Section 34173(h) of the Dissolution Act authorizes the City to “loan or grant funds to [the Successor Agency] for administrative costs, enforceable obligations, or project-related expenses at the [City's] discretion, but the receipt and use of these funds shall be reflected on the Recognized Obligation Payment Schedule or the administrative budget and therefore are subject to the oversight and approval of the oversight board. An enforceable obligation shall be deemed to be created for the repayment of those loans”; and

WHEREAS, as authorized by and pursuant to Section 34173(h) of the Dissolution Act, the City and Successor Agency desire to enter into an Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan (“Agreement”) to provide for the City to assist the Successor Agency by providing a loan to the Successor Agency in an amount not to exceed the ROPS 13-14A Deficit Amount and any Future Deficit Amount and/or any Operations Loan Amount (defined below), to enable the Successor Agency to pay its enforceable obligations and administrative expenses during the ROPS 13-14A Period and in future ROPS periods to the extent approved by the City Manager and Successor Agency Executive Director; and

WHEREAS, the Agreement shall be subject to approval by the Oversight Board to the Successor Agency and shall be included on the ROPS for the period from July 1, 2014 to December 31, 2014, (“ROPS 14-15A”) and subsequent ROPS periods, as necessary, and, as such, shall be subject to the approval of the DOF; and

WHEREAS, provided that the Agreement is approved as an enforceable obligation on ROPS 14-15A (and/or future ROPS), the Successor Agency shall repay all amounts disbursed by

the City to or on behalf of the Successor Agency, in accordance with the Agreement, from RPTTF moneys received by the Successor Agency pursuant to ROPS 14-15A and any future ROPS; and

WHEREAS, pursuant to the Agreement, City and Successor Agency also desire to affirm and document an on-going cooperative arrangement regarding administrative and operational services and payment for services by entering into this contract whereby City agrees to provide administrative and operational services (including funding enforceable obligations to the extent of RPTTF shortages), Successor Agency agrees to pay City for the cost of all such services to be provided by City in an amount equal to the Successor Agency Administrative Budget and ROPS prepared pursuant to California Health and Safety Code Section 34177(j) and (l) and approved by the Oversight Board for each six-month period and fiscal year under the term of this Agreement; and

WHEREAS, the City desires to approve the Agreement subject to approval by the Oversight Board and the DOF.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORTERVILLE 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. The City Council hereby approves the Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan by and between the City and the Successor Agency ("Agreement"), with such changes as may be mutually agreed upon by the City Manager (or his duly authorized representative), the Successor Agency's Executive Director and the City's legal counsel, as are minor and in substantial conformance with the form of the Agreement which has been submitted herewith. The City Manager and the City Clerk are hereby authorized to execute and attest the Agreement on behalf of the City. In such regard, the City Manager (or his duly authorized representative) is authorized to sign the final version of the Agreement after completion of any such non-substantive, minor revisions. Copies of the final form of the Agreement, when duly executed and attested, shall be placed on file in the office of the City Clerk. Further, the City Manager (or his duly authorized representative) is authorized to implement the Agreement and take all further actions and execute all documents referenced therein and/or necessary and appropriate to make the City Loan (defined in the Agreement) and otherwise carry out the transaction contemplated by the Agreement. The City Manager (or his duly authorized representative) is hereby authorized to the extent necessary during the implementation of the Agreement to make technical or minor changes and interpretations thereto after execution, as necessary to properly implement and carry out the Agreement, provided any and all such changes shall not in any manner materially affect the rights and obligations of the City or the maximum City Loan amount provided under the Agreement approved hereby.

Section 3. In addition to the authorization of Section 2 above, the City Manager is hereby authorized, on behalf of the City, to sign all other documents necessary or appropriate to carry out and implement the Agreement, including causing the issuance of warrants in implementation thereto, and to administer the City's obligations, responsibilities and duties to be performed under the Agreement.

Section 4. The City Clerk shall certify to the adoption of this Resolution.

THE FOREGOING RESOLUTION is approved and adopted by the City Council of the City of Porterville this 19th day of November, 2013.

Cameron J. Hamilton, Mayor

ATTEST:
John D. Lollis, City Clerk

By _____
Patrice Hildreth, Chief Deputy City Clerk

RESOLUTION NO. _____

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY APPROVING AN AGREEMENT FOR REIMBURSEMENT OF COSTS AND CITY/SUCCESSOR AGENCY OPERATIONS LOAN BY AND BETWEEN THE CITY OF PORTERVILLE AND THE SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY PURSUANT TO HEALTH & SAFETY CODE SECTION 34173(h), AND MAKING CERTAIN FINDINGS IN ACCORDANCE THEREWITH

WHEREAS, the City of Porterville (“City”) is a municipal corporation and charter city organized and operating under the laws of the State of California; and

WHEREAS, the Successor Agency to the Porterville Redevelopment Agency (“Successor Agency”) is a public entity corporate and politic, organized and operating under Part 1.85 of Division 24 of the Dissolution Act (as defined below); and

WHEREAS, the Porterville Redevelopment Agency (“former Agency”) previously was a California public body, corporate and politic, duly formed by the City Council of the City of Porterville (“City Council”) and organized, existing and exercising the powers of a community redevelopment agency under the California Community Redevelopment Law, Health & Safety Code Section 33000, *et seq.*; and

WHEREAS, 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, 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, (together AB x1 26, the Matosantos Decision, and AB 1484 are referred to as the “Dissolution Act”); and

WHEREAS, all statutory references herein are to the Dissolution Act unless otherwise stated; and

WHEREAS, as of February 1, 2012, the former Agency became a dissolved community redevelopment agency pursuant to the Dissolution Act; and

WHEREAS, as of and on and after February 1, 2012, the Successor Agency is performing its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the former Agency and is engaged in activities necessary and appropriate to wind down the activities of the former Agency’s Porterville Redevelopment Project No. 1 that was originally adopted and amended by ordinances of the City Council, and otherwise unwind the former Agency's affairs, all subject to the review and approval by a seven-member Oversight Board formed thereunder; and

WHEREAS, Successor Agency has adopted an Administrative Budget and a Recognized Obligation Payment Schedule (“ROPS”) pursuant to Health and Safety Code Section 34177, subdivisions (j) and (l), for the period from July 1, 2013 to December 31, 2013 (“ROPS 13-14A Period”), both of which have been approved by the Oversight Board to the Successor Agency (“Oversight Board”) and the California Department of Finance (“DOF”); and

WHEREAS, Successor Agency anticipates that there will be a deficit of Redevelopment Property Tax Trust Funds (“RPTTF”) available to pay enforceable obligations and administrative expenses as shown on the approved administrative budget (“Administrative Budget”) and ROPS for the ROPS 13-14A Period in the amount of approximately \$110,000 (“ROPS 13-14A Deficit Amount”); and

WHEREAS, Successor Agency anticipates that RPTTF deficits may occur in future ROPS periods as well (“Future Deficit Amount”), although it is not possible to accurately predict future RPTTF revenues; and

WHEREAS, in addition, employees of the City perform day-to-day administration and operation of the Successor Agency's duties and functions; since the former Agency was originally formed and upon the Successor Agency's effectiveness as of February 1, 2012, the City has provided and shall continue to provide services to the Successor Agency, including but not limited to providing administrative, accounting, auditing, planning, engineering, legal, risk management, financial, clerical, record-keeping, and other services necessary for the Successor Agency to carry out its responsibilities; and

WHEREAS, Section 34173(h) of the Dissolution Act authorizes the City to “loan or grant funds to [the Successor Agency] for administrative costs, enforceable obligations, or project-related expenses at the [City's] discretion, but the receipt and use of these funds shall be reflected on the Recognized Obligation Payment Schedule or the administrative budget and therefore are subject to the oversight and approval of the oversight board. An enforceable obligation shall be deemed to be created for the repayment of those loans”; and

WHEREAS, as authorized by and pursuant to Section 34173(h) of the Dissolution Act, the City and Successor Agency desire to enter into an Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan (“Agreement”) to provide for the City to assist the Successor Agency by providing a loan to the Successor Agency in an amount not to exceed the ROPS 13-14A Deficit Amount and any Future Deficit Amount and/or any Operations Loan Amount (defined below), to enable the Successor Agency to pay its enforceable obligations and administrative expenses during the ROPS 13-14A Period and in future ROPS periods to the extent approved by the City Manager and Successor Agency Director; and

WHEREAS, the Agreement shall be subject to approval by the Oversight Board to the Successor Agency and shall be included on the ROPS for the period from July 1, 2014 to December 31, 2014, (“ROPS 14-15A”) and subsequent ROPS periods, as necessary, and, as such, shall be subject to the approval of the DOF; and

WHEREAS, provided that the Agreement is approved as an enforceable obligation on ROPS 14-15A (and/or future ROPS), the Successor Agency shall repay all amounts disbursed by

the City to or on behalf of the Successor Agency, in accordance with the Agreement, from RPTTF moneys received by the Successor Agency pursuant to ROPS 14-15A and any future ROPS; and

WHEREAS, pursuant to the Agreement, City and Successor Agency also desire to affirm and document an on-going cooperative arrangement regarding administrative and operational services and payment for services by entering into this contract whereby City agrees to provide administrative and operational services (including funding enforceable obligations to the extent of RPTTF shortages), Successor Agency agrees to pay City for the cost of all such services to be provided by City in an amount equal to the Successor Agency Administrative Budget and ROPS prepared pursuant to California Health and Safety Code Section 34177(j) and (l) and approved by the Oversight Board for each six-month period and fiscal year under the term of this Agreement; and

WHEREAS, the Successor Agency desires to approve the Agreement and the Successor Agency desires to transmit such Agreement to the Oversight Board and the DOF for approval.

NOW, THEREFORE, BE IT RESOLVED BY THE SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY 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. The Successor Agency hereby approves the Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan by and between the City and the Successor Agency ("Agreement"), with such changes as may be mutually agreed upon by the Executive Director of the Successor Agency (or his duly authorized representative), the City's Community Development Director and the City's legal counsel, as are minor and in substantial conformance with the form of the Agreement which has been submitted herewith. The Executive Director and the Successor Agency Secretary are hereby authorized to execute and attest the Agreement on behalf of the Successor Agency. In such regard, the Executive Director (or his duly authorized representative) is authorized to sign the final version of the Agreement after completion of any such non-substantive, minor revisions. Copies of the final form of the Agreement, when duly executed and attested, shall be placed on file in the office of the Successor Agency Secretary. Further, the Executive Director (or his duly authorized representative) is authorized to implement the Agreement and take all further actions and execute all documents referenced therein and/or necessary and appropriate to receive the City Loan (defined in the Agreement) and otherwise carry out the transaction contemplated by the Agreement. The Executive Director (or his duly authorized representative) is hereby authorized to the extent necessary during the implementation of the Agreement to make technical or minor changes and interpretations thereto after execution, as necessary to properly implement and carry out the Agreement, provided any and all such changes shall not in any manner materially affect the rights and obligations of the Successor Agency or the maximum City Loan amount provided under the Agreement approved hereby.

Section 3. In addition to the authorization of Section 2 above, the Executive Director is hereby authorized, on behalf of the Successor Agency, to sign all other documents necessary

or appropriate to carry out and implement the Agreement, including causing the issuance of warrants in implementation thereto, and to administer the Successor Agency's obligations, responsibilities and duties to be performed under the Agreement.

Section 4. The Secretary of the Successor Agency shall certify to the adoption of this Resolution.

THE FOREGOING RESOLUTION is approved and adopted by the Successor Agency to the Porterville Redevelopment Agency this 19th day of November, 2013.

SUCCESSOR AGENCY TO THE PORTERVILLE
REDEVELOPMENT AGENCY

By: _____
Cameron J. Hamilton, Chair

ATTEST:

John D. Lollis, Agency Secretary

Patrice Hildreth, Chief Deputy Agency Secretary

**AGREEMENT FOR REIMBURSEMENT OF COSTS
AND CITY/SUCCESSOR AGENCY OPERATIONS LOAN**

This **AGREEMENT FOR REIMBURSEMENT OF COSTS AND CITY/SUCCESSOR AGENCY OPERATIONS LOAN** (“Agreement”) is made and entered into as of November 19, 2013, by and between the **CITY OF PORTERVILLE**, a California municipal corporation (“City”), and the **SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY**, a public body, corporate and politic (“Successor Agency”).

RECITALS

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

B. The Successor Agency is a public entity corporate and politic, organized and operating under Part 1.85 of Division 24 of the Dissolution Act (as defined in Recital D, below).

C. The Porterville Redevelopment Agency (“former Agency”) previously was a California public body, corporate and politic, duly formed by the City Council of the City of Porterville (“City Council”) and organized, existing and exercising the powers of a community redevelopment agency under the California Community Redevelopment Law, Health & Safety Code Section 33000, *et seq.*

D. 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, 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, (together AB x1 26, the *Matosantos* Decision, and AB 1484 are referred to as the “Dissolution Act”). All statutory references herein are to the Dissolution Act unless otherwise stated.

E. As of February 1, 2012, the former Agency became a dissolved community redevelopment agency pursuant to the Dissolution Act.

F. As of and on and after February 1, 2012, the Successor Agency is performing its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the former Agency and is engaged in activities necessary and appropriate to wind down the activities of the former Agency’s Porterville Redevelopment Project No. 1 that was originally adopted and amended by ordinances of the City Council, and otherwise unwind the former Agency’s affairs, all subject to the review and approval by a seven-member Oversight Board formed thereunder.

G. Successor Agency has adopted an Administrative Budget and a Recognized Obligation Payment Schedule (“ROPS”) pursuant to Health and Safety Code Section 34177, subdivisions (j) and (l), for the period from July 1, 2013 to December 31, 2013 (“ROPS 13-14A Period”), both of which have been approved by the Oversight Board to the Successor Agency (“Oversight Board”) and the California Department of Finance (“DOF”).

H. Successor Agency anticipates that there will be a deficit of Redevelopment Property Tax Trust Funds (“RPTTF”) available to pay enforceable obligations and administrative expenses as shown on the approved administrative budget (“Administrative Budget”) and ROPS for the ROPS 13-14A Period in the amount of approximately \$110,000 (“ROPS 13-14A Deficit Amount”). Successor Agency anticipates that RPTTF deficits may occur in future ROPS periods as well (“Future Deficit Amount”), although it is not possible to accurately predict future RPTTF revenues.

I. In addition, employees of the City perform day-to-day administration and operation of the Successor Agency's duties and functions. Since the former Agency was originally formed and upon the Successor Agency's effectiveness as of February 1, 2012, the City has provided and shall continue to provide services to the Successor Agency, including but not limited to providing administrative, accounting, auditing, planning, engineering, legal, risk management, financial, clerical, record-keeping, and other services necessary for the Successor Agency to carry out its responsibilities.

J. Section 34173(h) of the Dissolution Act authorizes the City to “loan or grant funds to [the Successor Agency] for administrative costs, enforceable obligations, or project-related expenses at the [City's] discretion, but the receipt and use of these funds shall be reflected on the Recognized Obligation Payment Schedule or the administrative budget and therefore are subject to the oversight and approval of the oversight board. An enforceable obligation shall be deemed to be created for the repayment of those loans.”

K. As authorized by and pursuant to Section 34173(h) of the Dissolution Act, the City desires to assist the Successor Agency by providing a loan to the Successor Agency in an amount not to exceed the ROPS 13-14A Deficit Amount and any Future Deficit Amount and/or any Operations Loan Amount (defined below), to enable the Successor Agency to pay its enforceable obligations and administrative expenses during the ROPS 13-14A Period and in future ROPS periods to the extent approved by the City Manager and Successor Agency Executive Director.

L. This Agreement shall be subject to approval by the Oversight Board to the Successor Agency and shall be included on the ROPS for the period from July 1, 2014 to December 31, 2014, (“ROPS 14-15A”) and subsequent ROPS periods, as necessary, and, as such, shall be subject to the approval of the DOF.

M. Provided that this Agreement is approved as an enforceable obligation on ROPS 14-15A (and/or future ROPS), the Successor Agency shall repay all amounts disbursed by the City to or on behalf of the Successor Agency, in accordance with this Agreement, from RPTTF moneys received by the Successor Agency pursuant to ROPS 14-15A and any future ROPS.

R. City and Successor Agency desire to affirm and document an on-going cooperative arrangement regarding administrative and operational services and payment for services by entering into this contract whereby City agrees to provide administrative and operational services (including funding enforceable obligations to the extent of RPTTF shortages), Successor Agency agrees to pay City for the cost of all such services to be provided by City in an amount equal to the Successor Agency Administrative Budget and ROPS prepared pursuant to California Health and Safety Code Section 34177(j) and (l) and approved by the Oversight Board for each six-month period and fiscal year under the term of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and conditions herein contained, the parties hereto agree as follows:

1. Reimbursement of Administrative Expenses. The Successor Agency shall be liable to the City for the payment of its administrative expenses ("Administrative Expenses") as set forth in this Agreement and as adopted as part of each Administrative Budget prepared and approved by the Successor Agency, and as approved by the Oversight Board, as each such Administrative Budget may be amended, revised or reconciled from time to time. These Administrative Expenses shall be in addition to any direct program or project expenses ("Program Expenses") incurred and noted on each ROPS, including salary and benefits of employees funded by the Successor Agency for Program Expenses. The Successor Agency shall also be liable to the City for payment of these Program Expenses where they are adopted as part of a ROPS.

2. Services to be Provided. City agrees to continue to aid and cooperate and shall aid and cooperate in the planning, undertaking, construction and operation of remaining enforceable obligations of the Successor Agency previously incurred by the former Agency as it relates to enforceable obligations of the former Agency within the City, provided the cost of such services are paid by Successor Agency. At the request of Successor Agency through the City Manager, City and its officers and employees shall perform services for Successor Agency in carrying out its work related to meeting the former Agency's enforceable obligations and for winding down the activities of the former Agency and Successor Agency shall have access to any and all personnel and the facilities of the departments and offices of the City. Those City officers and employees who are also appointed to positions or offices with or related to the Successor Agency shall perform services for each agency in a dual capacity. The City Manager and other appropriate City officials on behalf of the City and the Successor Agency, and duly authorized designees, shall determine and establish the procedures to be followed in requesting and rendering such services. The costs of administrative services shall be considered Administrative Expenses in the Successor Agency's annual Administrative Budget. The costs of other Successor Agency Program Expenses where supported by City services shall be identified as specific line items on each ROPS and shall not constitute part of the estimated Administrative Expenses identified in Section 1.

3. Succeeding Years during Term of Agreement. The procedure set forth above in Section 2 shall be undertaken by Successor Agency, the Oversight Board, and City for each successive six-month period and for each fiscal year during the term of this Agreement based on each approved Administrative Budget and ROPS prepared pursuant to the Dissolution Act.

4. City Cost Allocation Plan; Estimated Cost of Administrative Services and Facilities. Administrative Expenses and Program Expenses shall be calculated in the manner set forth in City's cost allocation plan, or other applicable reasonable cost allocation and accounting plan approved by the parties that conforms with generally accepted accounting principles and that is generally applicable to all users of services and facilities of the City ("Cost Allocation Plan"). The specific costs to be allocated herein shall be based upon the cost of the following categories of services:

a. Wages and Benefits. Wage and benefit expenses incurred in connection with City employees described to perform administrative services work for the Successor Agency (as opposed to direct program or project work as identified as "Program Expenses" related to enforceable obligations), including salaries, wages, and fringe benefits. The costs attributable to employees who devote less than 100% of their time to the Successor Agency shall be allocated in accordance with the Cost Allocation Plan.

b. General Overhead. A general indirect administrative operating expenses and overhead support charge shall be determined in accordance with the Cost Allocation Plan and Successor Agency Annual Administrative Budget.

c. Specific Services. All expenses that City may actually incur in providing specific administrative services on behalf of Successor Agency including, but not limited to, audit services, lease of space to accommodate Successor Agency's activities, City finance, auditor and accounting services, property insurance for Successor Agency's assets and properties, professional services, contracts for real estate data and information, department supplies, mail and postage services, equipment maintenance, and IT support. Operational services that relate directly and specifically to certain programs, contracts, and/or projects such as engineering design, planning, contract costs, contract administration, inspection and/or surveys shall be considered Program Expenses and shall be so listed and included as direct costs in each ROPS, subject to the Dissolution Act and other applicable laws.

5. Annual Expenses Deemed City Advance. For each year in which Successor Agency does not have adequate funds to pay and reimburse for Administrative Expenses as shown in the adopted Administrative Budget each such amount shall be deemed an advance by City to Successor Agency and such amount shall be deemed to have been loaned by City to Successor Agency ("Operations Loan Amount") subject to applicable laws.

6. Loan Agreement. Subject to Oversight Board approval of this Agreement and DOF approval of a ROPS that expressly lists this Agreement as an enforceable obligation, the City hereby agrees to loan to the Successor Agency and Successor Agency hereby agrees to borrow from the City an amount of up to the ROPS 13-14A Deficit Amount and, if applicable, Future Deficit Amounts and/or Operations Loan Amounts ("City Loan").

a. Interest. Outstanding principal on the City Loan shall accrue interest from the date of disbursement to or on behalf of the Successor Agency at the rate earned on moneys invested in the Local Agency Investment Fund ("LAIF") pursuant to Section 16429.1 *et seq.* of the California Government Code and as computed by the City Finance Director.

b. Loan Amount. The loan amount of the City Loan shall include the principal amount (as increased from time to time) plus accrued interest (together, "Loan Amount").

c. Term of City Loan. The City Loan shall be in full force and effect from the date of the initial disbursements thereof until such time as the entire Loan Amount of the City Loan has been repaid in full.

7. Repayment of City Loan. Successor Agency shall repay the City Loan to City promptly upon receipt of RPTTF moneys for the ROPS 14-15A period, and for and during each subsequent ROPS periods, if necessary, to repay the City Loan in full; provided however, that this Agreement shall have been approved by the Oversight Board and DOF as an enforceable obligation on ROPS 14-15A (and each subsequent ROPS, until the City Loan is repaid in full). Subject to Section 9 below, Successor Agency shall repay the entire outstanding principal balance of the City Loan (up to the amount of RPTTF moneys available for such purpose) to the City on or before five (5) working days following the date the Successor Agency receives a disbursement of RPTTF moneys for the ROPS 14-15A period (and/or subsequent ROPS periods, as necessary).

8. Source of Repayment; Limited Subordination.

a. Except as provided in paragraph b. below of this Section 9, the City Loan shall be repaid on par with any enforceable obligations falling within Section 34183(a)(2)(C) of the Dissolution Act (debts not qualifying as tax allocation bonds and certain revenue bonds).

b. The City hereby agrees to defer payment on the City Loan during the six month period covered by ROPS IV and during each subsequent ROPS period, if any, to the extent that repayment in that period would leave insufficient funds to the Successor Agency to satisfy other contractual obligations covered by Section 34183(a)(2)(C) which: (i) are due in that six-month period; and (ii) were in existence as of the date of this Agreement.

c. Unless legally prohibited or waived by the City, any portion of the unpaid City Loan shall also be repaid from other revenues available to the Successor Agency, such as the proceeds of asset sales and rents (but in no event from revenues or assets of the housing successor, the Porterville Housing Authority). These payments shall augment and supplement the required payments described in Sections 3 and 4a. above.

9. Additional Successor Agency Obligations. Successor Agency hereby covenants and agrees that Successor Agency shall perform the following obligations:

a. The Successor Agency shall submit this Agreement to the Oversight Board for approval prior to or concurrently with the Oversight Board's consideration and approval of ROPS 14-15A as required by Sections 34179(h) and 34180 of the Dissolution Act.

b. The Successor Agency shall include this Agreement as an enforceable obligation on ROPS 14-15A in accordance with Sections 34177(m) and 34179(h) of the Dissolution Act and shall submit all necessary and appropriate documentation to DOF to support DOF's consideration and approval of this Agreement as an enforceable obligation on ROPS 14-

15A. The Successor Agency shall include this Agreement on each successive ROPS for the Successor Agency until full Loan Amount of the City Loan is repaid by the Successor Agency.

10. General Provisions.

a. Approvals and Actions.

(i) Successor Agency shall maintain authority of this Agreement and the authority to implement this Agreement through the Successor Agency's Executive Director or his or her duly authorized representative ("Executive Director"). The Executive Director shall have the authority to make approvals, issue interpretations, waive provisions, and/or enter into certain amendments of this Agreement on behalf of Successor Agency so long as such actions do not add to the costs incurred or to be incurred by Successor Agency as specified herein, and such approvals, interpretations, waivers and/or amendments may include extensions of time to perform.

(ii) City shall maintain authority of this Agreement and the authority to implement this Agreement through the City Manager or his or her duly authorized representative. The City Manager shall have the authority to make approvals, issue interpretations, waive provisions, and/or enter into certain amendments of this Agreement on behalf of City so long as such actions do not add to the costs incurred or to be incurred by City as specified herein, and such approvals, interpretations, waivers and/or amendments may include extensions of time to perform. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the City Council.

b. Default. The obligations set forth in this Agreement will be contractual obligations that, if breached, will subject the defaulting party to damages and other liabilities or remedies. If either party fails to perform or adequately perform an obligation required by this Agreement within thirty (30) calendar days of receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder. In the event of default, the non-defaulting party will have all the rights and remedies available to it at law or in equity to enforce the provisions of this contract, including without limitation the right to sue for damages for breach of contract. The rights and remedies of the non-defaulting party enumerated in this paragraph are cumulative and shall not limit the non-defaulting party's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of this Agreement or hereinafter enacted or established, that may be available to the non-defaulting party against the defaulting party. All notices of defaults shall clearly indicate a notice of default under this Agreement.

c. Attorneys' Fees. In the event of any action to enforce the terms and provisions of this Agreement, the prevailing party shall be entitled to recover its actual attorneys' fees, expert witness fees and costs of litigation from the other party, including without limitation, any post-judgment fees, costs, or expenses incurred on any appeal or in collection of any judgment.

d. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

e. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

f. Term of Agreement. This Agreement shall be in full force and effect commencing on the date this Agreement has been (i) approved by the Oversight Board and (ii) included on a ROPS that is approved by the DOF. This Agreement shall terminate upon repayment to the City of the entire outstanding balance of the City Loan.

g. Binding on Successors. This Agreement shall be binding on and shall inure to the benefit of all successors and assigns of the parties, whether by agreement or operation of law.

h. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

i. 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.

j. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

k. No Third Party Beneficiaries. The terms and provisions of this Agreement are for the benefit of the Successor Agency and City and not for the benefit of any other person or entity.

IN WITNESS WHEREOF, the parties have caused this *Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan* to be executed by their officers thereunto duly authorized on the date first above written.

CITY OF PORTERVILLE, a California
municipal corporation

By: _____
John D. Lollis, City Manager

ATTEST:

Patrice Hildreth, Chief Deputy City Clerk

**SUCCESSOR AGENCY TO THE PORTERVILLE
REDEVELOPMENT AGENCY**, a public body,
corporate and politic

By: _____
Bradley D. Dunlap, Executive Director

ATTEST:

John D. Lollis, City Clerk
on behalf of the Successor Agency