

RESOLUTION NO. _____

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A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERSIDE, CALIFORNIA, AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE REAFFIRMING THE SHARED PENSION OBLIGATION LOAN AGREEMENT AND PROMISSORY NOTE.

WHEREAS, on November 14, 1967, the City Council adopted Ordinance No. 3481 creating a redevelopment agency (“Former Redevelopment Agency”); and

WHEREAS, on September 10, 1969, by Resolution No. 11340, the City Council determined that a separate community group would serve as members of the Former Redevelopment Agency; and

WHEREAS, on December 12, 1972, the Former Redevelopment Agency and the Board of Administration of the Public Employees Retirement System (“CalPERS”) entered into a contract (“Former Redevelopment Agency CalPERS Contract”) requiring the Former Redevelopment Agency to participate in the Public Employees’ Retirement System and making its employees member of that system, effective February 1, 1973; and

WHEREAS, prior to August 4, 1987, the Former Redevelopment Agency employed its own staff separate and apart from City staff; and

WHEREAS, those employees acted on behalf of and for the benefit of the Former Redevelopment Agency performing tasks associated with and consistent with Redevelopment Law; and

WHEREAS, on August 4, 1987, as part of a plan to establish a new Development Department within the City and merge redevelopment administrative functions into that department, all aspects of redevelopment administration were transferred to the new City Development Department; and

WHEREAS, all Former Redevelopment Agency employees thereafter became employees of the City, still performing functions associated with the Former Redevelopment Agency and consistent with Redevelopment Law; and

WHEREAS, after the administrative functions of the Former Redevelopment Agency were merged with the City’s Development Department, the annual budget of the Former Redevelopment Agency was merged with the City’s annual budget, including budgeted expenses for the Former Redevelopment Agency’s personnel costs which included pension obligations under the Former

1 Redevelopment Agency CalPERS Contract; and

2 WHEREAS, those expenses were paid from the budgeted receipts of the Former
3 Redevelopment Agency, consisting primarily of tax increment revenue received pursuant to Health
4 and Safety Code Section 33670 and bond proceeds from tax allocation bonds of the Former
5 Redevelopment Agency repaid with tax increment revenue; and

6 WHEREAS, following the merger of redevelopment administrative functions with the City's
7 Development Department, the City entered into an amendment to the City's CalPERS Contract, dated
8 March 31, 1988, merging the Former Redevelopment Agency's contract with the City's CalPERS
9 Contract; and

10 WHEREAS, a new paragraph 6 was added to the City CalPERS Contract stating:

11 "This contract shall be a continuation of the contract of the
12 Redevelopment Agency of the City of Riverside, hereinafter referred to
13 as "Former Agency." The accumulated contributions, assets and
14 liability for prior and current service under the Former Agency's
15 contract shall be merged pursuant to Section 20567.1 of the Government
16 Code" and

17 WHEREAS, on June 30, 2005, the City of Riverside ("City") issued pension obligation bonds
18 in the amount of \$60,000,000 to pay for the cost of contributions to the Public Services Employee
19 Retirement System ("PERS and PERS Bonds"); and

20 WHEREAS, shortly thereafter, the City loaned the total sum of \$1,417,000 from the PERS
21 Bonds to the former Redevelopment Agency of the City of Riverside ("Former Redevelopment
22 Agency") for the Former Redevelopment Agency's pro-rata share of the employee contributions for
23 the Arlington, Casa Blanca, Magnolia Center, Downtown/Airport and Hunter Park/Northside Merger,
24 and University Corridor/Sycamore Canyon Merged Project Areas; and

25 WHEREAS, from and after the issuance of the PERS Bonds, the Former Redevelopment
26 Agency paid a pro-rata share of the debt service, determined by dividing the salaries paid to employees
27 performing work for the Former Redevelopment Agency by the salaries paid to all of the City's
28 miscellaneous employees; and

WHEREAS, on February 15, 2011, the Former Redevelopment Agency and the City entered
into a Shared Pension Obligation Loan Agreement ("Loan Agreement") and Promissory Note
("Promissory Note"), both of which are attached hereto as Exhibit "A" and incorporated herein by

1 reference, to memorialize the City’s loan of \$1,417,000 from the PERS Bonds to the Former
2 Redevelopment Agency; and

3 WHEREAS, Health and Safety Code Section 33220 authorized any public body to enter into
4 an agreement with a redevelopment agency for the purpose of aiding and cooperating in the planning,
5 undertaking, construction, or operation of redevelopment projects located within the jurisdiction in
6 which such public body is authorized to act, upon the terms and with or without consideration as such
7 public body determines; and

8 WHEREAS, Health and Safety Code Section 33126(b) authorized redevelopment agencies to
9 enter into contracts with any other public agency pursuant to which the public agency would agree to
10 furnish necessary staff services associated with or required by redevelopment; and

11 WHEREAS, the Loan Agreement was entered into to fulfill the obligations of the Former
12 Redevelopment Agency to its staff; and

13 WHEREAS, pursuant to Resolution No. 22322, adopted by the City Council of the City on
14 January 10, 2012, the City agreed to serve as the Successor Agency (“Successor Agency”) to the
15 Former Redevelopment Agency commencing upon dissolution of the Former Redevelopment Agency
16 on February 1, 2012 pursuant to Assembly Bill x1 26; and

17 WHEREAS, since the initial Recognized Obligation Payments Schedule (ROPS) to ROPS 16-
18 17, the DOF approved the Former Redevelopment Agency’s pension bond obligations as enforceable
19 obligations; and

20 WHEREAS, in connection with the ROPS 17-18, the DOF denied the 2005 PERS Bonds
21 payments as an enforceable obligation of the Successor Agency’s; and

22 WHEREAS, Assembly Bill 1484 added Health and Safety Code Section 34191.4, which
23 authorizes a Successor Agency, after receiving a Finding of Completion, with Oversight Board
24 approval, to have loan agreements entered into between the former redevelopment agency and the city
25 that created the agency, be deemed enforceable obligations; and

26 WHEREAS, such loans will be deemed an enforceable obligation provided that the Oversight
27 Board makes a finding that the loans were for legitimate redevelopment purposes; and

28

1 WHEREAS, on April 13, 2013, the Successor Agency received its Finding of Completion from
2 the Department of Finance (“DOF”); and

3 WHEREAS, as stated above, the Loan Agreement was entered into to fulfill the obligations of
4 the Former Redevelopment Agency to its staff for furthering and implementing the purpose of
5 Redevelopment Law; and

6 WHEREAS, pursuant to Health and Safety Code Section 34180(a), the Successor Agency
7 desires that the Countywide Oversight Board, pursuant to Health and Safety Code Section 34191.4,
8 find that (a) the Loan Agreement and Promissory Note were for legitimate redevelopment purposes
9 and (b) the Loan Agreement and Promissory Note are enforceable obligations so that the Loan
10 Agreement and Promissory Note may be repaid pursuant to, and subject to, Health and Safety Code
11 Section 34191.4.

12 NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Riverside,
13 California, as the Successor Agency to the Redevelopment Agency of the City of Riverside, as follows:

14 Section 1. Incorporate the above recitals as if set forth herein in full.

15 Section 2. The Loan Agreement and Promissory Note attached hereto as Exhibit “A” and
16 incorporated herein by reference in the amount of \$1,417,000 between the Former Redevelopment
17 Agency and the City of Riverside dated February 15, 2011 is valid and in full effect.

18 Section 3. The purpose of the Loan Agreement and Promissory Note were to provide
19 continued funding to satisfy its obligations under the Former Redevelopment Agency CalPERS
20 Contract.

21 Section 4. The Loan Agreement and Promissory Note were for legitimate redevelopment
22 purposes in that it fulfilled the obligations of the Former Redevelopment Agency to its staff for
23 furthering and implementing the purpose of Redevelopment Law.

24 Section 5. The Loan Agreement and Promissory Note are enforceable obligations pursuant
25 to Health and Safety Code Section 34191.4 and as a pension obligation debt service.

26 Section 6. The Countywide Oversight Board adopt a resolution finding that the Loan
27 Agreement and Promissory Note are for a legitimate redevelopment purpose and are therefore,
28 enforceable obligations.

1 ADOPTED by the City Council as the Successor Agency, this _____ day of
2 _____, 2018

3
4 WILLIAM R. BAILEY, III
Mayor of the City of Riverside

5 Attest:

6
7 COLLEEN J. NICOL
8 City Clerk/Clerk of the Oversight Board

9
10 I, Colleen J. Nicol, City Clerk/Clerk of the Oversight Board for the City of Riverside as
11 Successor Agency for the Redevelopment Agency of the City of Riverside, California, hereby certify
12 that the foregoing resolution was duly and regularly adopted at a meeting of the Oversight Board of
13 said City at its meeting held on the _____ day of _____, 2018, by the following vote,

14 to wit:

Ayes:

15 Noes:

16 Absent:

17 Abstain:

18
19 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the
20 City of Riverside, California, this _____ day of _____, 2018.

21
22 COLLEEN J. NICOL
23 City Clerk/Clerk of the Oversight Board

EXHIBIT "A"

LOAN AGREEMENT
Redevelopment Project Area – Shared Pension Obligation

This Loan Agreement (“Agreement”) is entered into this 15th day of February, 2011, by and between The Redevelopment Agency of the City of Riverside, California a public body corporate and politic (the “Agency”) and the City of Riverside, California, a California charter city and municipal corporation (the “City”).

RECITALS

WHEREAS on June 30, 2005, the City issued pension obligation bonds in the amount of sixty million dollars (\$60,000,000) to pay for the cost of contributions to the Public Employee Retirement System (“PERS” and “PERS Bonds”); and

WHEREAS the City loaned the total sum of one million four hundred seventeen thousand (\$1,417,000) from the PERS Bonds to the Agency for the Agency’s prorata share of employee contributions for the Arlington, Casa Blanca, Magnolia Center, Downtown/Airport & Hunter Park/Northside Merged, and University Corridor/Sycamore Canyon Merged Project Areas as follows:

Capital Projects Funds

Project Area	Initial Obligation	Outstanding 6/30/2010
Arlington	\$47,000.00	\$42,951.66
Casa Blanca	\$93,000.00	\$84,992.18
Magnolia Center	\$28,000.00	\$25,587.97
Downtown/Airport & Hunter Park/Northside Merged	\$411,000.00	\$375,603.25
University Corridor/Sycamore Canyon Merged	\$216,000.00	\$197,398.61
Total	\$795,000.00	\$726,533.67

Housing Funds

	Initial Obligation	Outstanding 6/30/2010
Total	\$622,000.00	\$588,557.75

WHEREAS the California Community Redevelopment Law (Health and Safety Code 33000, et seq.) authorizes the Agency to borrow funds from the City for such purposes; and

WHEREAS City and Agency now desire to enter into a loan agreement with the terms set forth below (“Agreement”);

NOW, THEREFORE, the City and Agency do mutually agree as follows:

1. AMOUNT OF LOAN - The City agrees to loan the Agency an amount not to exceed \$1,417,000 (the "Loan") for repayment of PERS Bonds. Said loan shall be in addition to any and all amounts heretofore loaned to the Agency and shall be evidenced by a promissory note (the "Note") of the Agency in favor of the City.
2. DISBURSEMENT OF LOAN - The City agrees to disbursement of the Loan proceeds to the Agency upon execution and delivery of this Agreement and the Note. The Agency agrees to use such proceeds only for the purposes set forth in this Agreement.
3. REPAYMENT OF OBLIGATION - The Agency hereby agrees to repay to the City annually a principal amount of the Loan equal to the Agency's share of that year's principal payment on the PERS Bonds plus interest at an annual rate equal to the aggregate interest rate on the City's outstanding Series 2005 A and B PERS Bonds or any future refundings of those bonds. Principal and all accrued interest on the Loan shall be repaid over a 20 year period with all amounts owed to be repaid on or before June 30, 2025. The Agency's obligation to repay the amount advanced will be evidenced by a Promissory Note, in the amount of \$1,417,000, which shall be executed and delivered to the City concurrently with the execution of this Agreement.
4. SUBORDINATION - The Loan shall be subordinate to the obligations established under any indenture or bonds, loans or indebtedness of the Agency incurred prior to or subsequent to the date of this Loan Agreement which are payable from and secured by Tax Revenues and interest earnings generated from the Project Area. This Agreement shall also be subordinate to the application of Tax Revenues to any such indenture or to the repayment of any such bonds for purpose of compliance with the Redevelopment Plan limitations as established pursuant to Health and Safety Code Section 33334.2 and 33334.3. "Tax Revenues" means all taxes annually allocated to the Agency with respect to the Downtown/Airport Redevelopment Project Area, pursuant to Article 5 of Chapter 5 (commencing with 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, as provided in the Redevelopment Plan, including all other repayments, subventions and reimbursements, if any to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations.

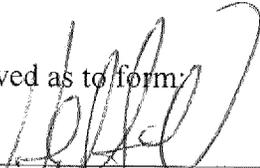
IN WITNESS WHEREOF the Agency and the City have executed this Agreement as the date first above written.

(Signatures on following page)

"City"
CITY OF RIVERSIDE

Dated: 2/15/11

By: 
Belinda J. Graham
Assistant City Manager

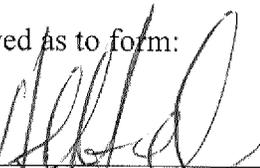
Approved as to form:
By: 
Deputy City Attorney

Attest: 
Colleen J. Nicol
City Clerk

"Agency"
REDEVELOPMENT AGENCY OF THE
CITY OF RIVERSIDE, CALIFORNIA

Dated: 2/15/11

By: 
Bradley J. Hudson
Executive Director

Approved as to form:
By: 
Agency General Counsel

Attest: 
Colleen J. Nicol, Agency Secretary

PROMISSORY NOTE

\$1,417,000.00

Riverside, California

Date: February 15, 2011

The Redevelopment Agency of the City of Riverside California (the "Agency") for value received, promises to pay to the City of Riverside, California, a California charter city and municipal corporation (the "City"), the principal sum of one million four hundred seventeen thousand (\$1,417,000) together with interest thereon as provided in the Loan Agreement between the Agency and the City dated 2/15/11. The principal sum plus accrued interest thereon is to be repaid over a twenty (20) year period with variable annual payments sufficient to repay the obligation within 20 years to be paid commencing in fiscal year 2005/06, and continuing each June 30th thereafter, with one final payment of an amount to be determined to be paid on or before June 30, 2025. This Promissory Note is executed in compliance with, and all terms shall have the same meaning as, those contained in the Loan Agreement.

"Agency"

REDEVELOPMENT AGENCY OF
THE CITY OF RIVERSIDE, CALIFORNIA

By: Bradley J. Hudson
Bradley J. Hudson
Executive Director

Attest: Colleen J. Nicol
Colleen J. Nicol
Agency Secretary

Approved as to form:

By: [Signature]
Agency General Counsel