

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank)  
INFRASTRUCTURE STATE REVOLVING FUND (ISRF) PROGRAM**

**WAIVER AND MODIFICATION  
OF CERTAIN PROVISIONS IN I-BANK  
TAX INCREMENT FINANCING AGREEMENTS**

This staff report affects the following sixteen (16) obligations outstanding with the I-Bank:

<p>City of Bakersfield as successor agency to Bakersfield Redevelopment Agency</p> <p>CIEDB No. B08-083</p>	<p>City of Cloverdale as successor agency to City of Cloverdale Community Development Agency</p> <p>CIEDB No. 01-012</p>	<p>City of Colton as successor agency to Redevelopment Agency of the City of Colton</p> <p>CIEDB No. 02-028</p>	<p>City of Eureka as successor agency to Eureka Redevelopment Agency</p> <p>CIEDB No. B08-080</p>
<p>City of Fresno as successor agency to Redevelopment Agency of the City of Fresno</p> <p>CIEDB No. 03-048</p>	<p>City of Lawndale as successor agency to Lawndale Redevelopment Agency</p> <p>CIEDB No. 02-029</p>	<p>City of Kingsburg as successor agency to Redevelopment Agency of the City of Kingsburg</p> <p>CIEDB No. 01-013</p>	<p>City of Novato as successor agency to Redevelopment Agency of the City of Novato</p> <p>CIEDB No. 02-042</p>
<p>Placer County as successor agency to Placer County Redevelopment Agency</p> <p>CIEDB No. B04-059</p>	<p>Placer County as successor agency to Placer County Redevelopment Agency</p> <p>CIEDB No. B05-067</p>	<p>Placer County as successor agency to Placer County Redevelopment Agency</p> <p>CIEDB No. 07-078</p>	<p>City of Sacramento as successor agency to Redevelopment Agency of the City of Sacramento and the Redevelopment Agency of the County of Sacramento</p> <p>CIEDB No. B05-065</p>

City of Sacramento as successor agency to Redevelopment Agency of the City of Sacramento	County of Sacramento as successor agency to Redevelopment Agency of the County of Sacramento	Tulare County as successor agency to Tulare County Redevelopment Agency	City of Yuba City as successor agency to Yuba City Redevelopment Agency
CIEDB No. B05-063	CIEDB No. 02-023	CIEDB No. 02-037	CIEDB No. 04-046

**ANALYSIS OF WAIVERS, MODIFICATIONS, AND ADDITIONAL INFORMATION REQUIRED**

Due to the recent dissolution of redevelopment agencies, and the enactment of Assembly Bill 1X 26 and Assembly Bill 1484, as codified in the California Health and Safety Code, Government Code, and Revenue and Taxation Code (collectively, the "Dissolution Laws"), it appears that a successor agency to a dissolved redevelopment agency (SA), will likely be unable to comply with certain provisions of the tax increment agreement (Agreement) originally entered into with the California Infrastructure and Economic Development Bank (I-Bank).

Therefore, in order to avoid triggering events of default under the Agreements, the I-Bank is providing each SA with a waiver letter ("Waiver Letter") that describes provisions being waived or modified, as well as additional information required by the I-Bank.

**Provisions Waived**

The following table lists the provisions being waived. Not all provisions were included in all Agreements; therefore, each Waiver Letter was customized according to the provisions included in the individual Agreement.

Provision Number	Provision Heading	Requirement Waived
5.03(c)(1)	Books and Accounts; Financial Statements	The following information is not required to be disclosed in the annual Certificate of Borrower: (i) Total amount of assessed valuations of properties; (ii) Total of taxes eligible for allocation to the Borrower; (iii) The amount of pending appeals; (iv) The percentage by which Tax Revenues provide for coverage; (v) The ten (10) largest assessees
5.03(c)(2)	Books and Accounts; Financial Statements	Delivery of Plan Amendments

<b>Provision Number</b>	<b>Provision Heading</b>	<b>Requirement Waived</b>
5.24(c) (applies only to CIEDB No. B08- 083)	Surplus Payment Under Senior Debt Instrument	Transfer to CIEDB all amounts not required for Senior Debt annual debt service
6.02	Disposition of Property	Filing with CIEDB of a report of an Independent Consultant prior to affecting disposition of property in the Project Area, causing exemption from taxation
6.05	Pass-Through Payments	Prior written consent of CIEDB to execute or amend the Pass-Through Payments not otherwise required by Law that would reduce Tax Revenues

**Provisions Modified**

In addition to the waiver of the provisions listed above, there are certain other provisions in the Agreement with which an SA may have difficulty complying. Consequently, until notified otherwise in writing by the I-Bank, the I-Bank is modifying, but not waiving, portions of those provisions identified below in the following manner:

1. Instead of the requiring an SA to file an audited financial statement relating to the Project Area as set forth in section 5.03(b) of the Agreement, the SA will prepare and file with the I-Bank, annually as soon as practicable, but in any event not later than two hundred ten (210) days (two hundred seventy (270) days in the case of the County of Sacramento) after the close of each fiscal year (FY), an audited financial statement of the SA in accordance with section 34177(n) of the California Health and Safety Code for the preceding FY, prepared by a certified public accountant; provided, however, that in the event that such audited financial statement is not available by the above-referenced filing date, an unaudited financial statement may be substituted therefore. In the event an unaudited financial statement is submitted, the SA shall file the audited financial statement with the I-Bank as soon as it becomes available. The SA will furnish to the I-Bank such reasonable number of copies of such audited financial statement as may be required by the I-Bank for distribution (at the expense of the SA).

2. Instead of depositing all Tax Revenues in the Special Fund pursuant to section 3.02 of the Agreement, and until notified otherwise in writing by the I-Bank, a deposit of Tax Revenues in the Redevelopment Property Tax Trust Fund (RPTTF) established pursuant to section 34170.5(b) of the California Health and Safety Code will be deemed as complying with the deposit into the Special Fund requirement of section 3.02.

3. Instead of transferring all amounts in the Special Fund that are not required for annual debt service for Senior Debt to the CIEDB Special Fund, and until notified otherwise in writing by the I-Bank, a transfer of funds to the Redevelopment Obligation Retirement Fund pursuant to section 34185 of the California Health and Safety Code will be deemed as complying with the transfer to the CIEDB Special Fund requirement of section 3.02 of the Agreement.

4. Instead of making the annual set-aside in or deposit to the Special Fund named in section 3.02 of each Agreement, and until notified otherwise in writing by the CIEDB, a transfer of funds to the Redevelopment Obligation Retirement Fund pursuant to section 34185 of the California Health and Safety Code will be deemed as complying with the transfer to the CIEDB Special Fund requirement of section 3.02 of the Agreement.

5. Instead of making payments from the CIEDB Special Fund in accordance with section 3.03 of the Agreement, and until notified otherwise in writing by the CIEDB, payments from the Redevelopment Obligation Retirement Fund will be acceptable.

**Additional Information Required**

In accordance with the provisions of section 5.03(c)(7) of the Agreement which permits the I-Bank to request additional information, and until notified otherwise in writing by the I-Bank, the SA shall provide the following to the I-Bank:

- a) A copy of the draft Recognized Obligation Payment Schedules (“ROPS”) contemporaneously with submittal to the Oversight Board;
- b) A copy of the Department of Finance (“DOF”) approved ROPS within two (2) days of DOF approval;
- c) A copy of any amendments to the DOF approved ROPS;
- d) Prompt notification, upon being made aware that the County Assessor has determined that there are insufficient funds in the RPTTF to pay all obligations included in any DOF approved ROPS. Such notification shall provide detail as to the amount of the insufficiency and whether such insufficiency is expected to reduce or delay the SA’s payment to the I-Bank.

All other terms and conditions of the Agreements shall remain in full force and effect.

**Project and Cost Eligibility**

Not applicable. All projects related to the obligations listed above are complete.

**Status of Project and Impact on Disbursement Schedule**

Not applicable. All projects related to the obligations listed above are complete.

**Tax-Exempt Status**

No impact.

**Loan Underwriting Criteria**

No impact.

**Other Funding Sources/Project Financial Feasibility**

Not applicable.

**Compliance with the ISRF Revenue Bonds Master Indenture, the Series 2004 ISRF Bonds, the Series 2005 ISRF Bonds, Series 2008 ISRF Bonds**

Each of the Agreements listed above is pledged to one of the following: the Master Indenture for ISRF Revenue Bonds (Master Indenture), the Series 2004 ISRF Bonds

(Series 2004), the Series 2005 ISRF Bonds (Series 2005), or the Series 2008 ISRF Bonds (Series 2008).

The actions proposed herein do not impact any payment provisions. As such, the proposed modifications are allowed under the ISRF Bonds Master Indenture, Series 2004, Series 2005, and Series 2008 Bonds.

**California Environmental Quality Act (CEQA)**

Not applicable.

**LEGAL ISSUES**

The I-Bank is granting the accommodations provided in the Waiver Letters to help each SA avoid triggering an Event of Default under the Agreement (as such term is defined in the Agreement). In all cases, the requirements set forth the Waiver Letters will be treated in the same manner that corresponding covenants are treated in the Agreement. Thus, such requirements will be subject to the same deadlines and other terms and conditions set forth in the Agreement. An SA's failure to comply with any of the modified provisions or the additional information requirements, as set forth in the Waiver Letter, will be treated as a failure to comply under the Agreement, may trigger an Event of Default and would give rise to all remedies available to the I-Bank under the Agreement.

At the I-Bank's discretion, the I-Bank reserves the right to (i) cease granting any of the accommodations provided in the Waiver Letter and return to requiring full compliance with the Agreement; (ii) cease granting certain of the accommodations provided the Waiver Letter; and/or (iii) modify the accommodations provided herein.

**Legal Agreement Modifications**

As specified herein.

**OTHER ISSUES**

The SAs will be notified by a letter and new annual certificate template customized for each agreement which sets forth the actions proposed herein. A template of the letter and new annual certificate template are attached as Attachment 1 and Attachment 2.

**APPROVAL AUTHORIZATION**

Pursuant to Resolution 12-08 adopted by the I-Bank Board on October 9, 2012, the I-Bank's Executive Director has been delegated the authority to amend or modify financing documents associated with the ISRF Program Loans so long as such proposed amendment (A) is consistent with the intent of the Board resolution that approved the initial ISRF Program Loan; (B) is approved by counsel to the I-Bank and (C) does not involve any of the following: (1) any increase in the principal amount of the ISRF Program Loan; (2) any extension of the final maturity date; (3) any change in the security pledged to repay the ISRF Program Loan; (4) any change in the interest rate. The proposed waivers and modifications recommended herein fall within the Executive Director's approval authority pursuant to Resolution 12-08.

As assignee of the Executive Director, the Assistant Executive Director has the authority to grant the proposed waivers and modifications pursuant to an Executive Director Assignment dated December 12, 2012.

### **STAFF RECOMMENDATION**

Staff had determined that the waivers, modifications, and additional information required as discussed herein are reasonable and necessary for an SA to comply with the Agreement, are consistent with current ISRF Program Criteria, Priorities and Guidelines, and recommends approval of the actions discussed herein.

### **ATTACHMENTS**

- Attachment 1 Letter Template
- Attachment 2 Annual Certificate Template

Prepared  
by:

*D Cummings*  
**Diane Cummings, ISRF Support Unit Manager**  
 Modified Amortization Schedule Approved, if applicable  
**Comments:**

12/28/12  
**Date**

Reviewed  
by:

*Thomas S Tengan*  
**Tom Tengan, Sr. Staff Counsel**  
**Comments:**

12/28/12  
**Date**

Reviewed  
for  
Delegation  
by:

*Marilyn Munoz*  
**Marilyn Munoz, General Counsel**  
 The modification request falls within the authority delegated to the Executive Director.  
I-Bank Board consideration and approval is not required.  
 The modification request does not fall within the delegated authority of the I-Bank  
Executive Director, and Board consideration and approval of the request is required.  
**Comments:**

12/28/12  
**Date**

Approved  
by:

*R. Cristia-Plant*  
**Roma Cristia-Plant, Asst. Executive Director,  
as Assignee of the Executive Director**  
**Comments:**

12/28/12  
**Date**

**Attachment 1  
Letter Template**

*[Print on CIEDB letterhead.]*

December 28, 2012

[Successor Agency Name]  
[Address]  
Attn:

Subject: Waived and Modified Provisions to CIEDB Agreement No. **XX-XX**  
and Annual Certificate

Due to the recent dissolution of redevelopment agencies, and the enactment of Assembly Bill 1X 26 and Assembly Bill 1484 as codified in the California Health and Safety Code, Government Code, and Revenue and Taxation Code (collectively, the "Dissolution Laws"), it appears that the **[name successor agency]**, as successor to a dissolved redevelopment agency (the "SA"), may be unable to comply with certain provisions of Agreement No. **[insert CIEDB No.]** (the "Agreement") originally entered into between the California Infrastructure and Economic Development Bank (the "CIEDB") and **[insert name of RDA (the "RDA")]**.

**Provisions Waived:**

Therefore, until notified otherwise in writing by the CIEDB, the CIEDB will not require the SA to comply with the provisions set forth in this paragraph. ***Note that although section subheadings are listed after each section number, for those that list subsections, only those subsections are waived.*** Thus, compliance by the SA with the following sections is waived:

Provisions Waived		
Provision Number	Provision Heading	Requirement Waived
5.03(c)(1)	Books and Accounts; Financial Statements	The following information is not required to be disclosed in the annual Certificate of Borrower: (vi) Total amount of assessed valuations of properties; (vii) Total of taxes eligible for allocation to the Borrower; (viii) The amount of pending appeals; (ix) The percentage by which Tax Revenues provide for coverage; (x) The ten (10) largest assessees

<b>Provisions Waived</b>		
<b>Provision Number</b>	<b>Provision Heading</b>	<b>Requirement Waived</b>
5.03(c)(2)	Books and Accounts; Financial Statements	Delivery of Plan Amendments
5.24(c)	Surplus Payment Under Senior Debt Instrument	Transfer to CIEDB
6.02	Disposition of Property	Filing with CIEDB of a report of an Independent Consultant prior to affecting disposition of property
6.05	Pass-Through Payments	Prior written consent of CIEDB

**Provisions Modified:**

In addition to the waiver of the provisions listed above, there are certain other provisions in the Agreement that the SA may have difficulty complying with. Consequently, until notified otherwise in writing by the CIEDB, the CIEDB is modifying, but not waiving, portions of those provisions identified below in the following manner:

1. Instead of the requiring the SA to file an audited financial statement relating to the Project Area as set forth in section 5.03(b) of the Agreement, the SA will prepare and file with the CIEDB, annually as soon as practicable, but in any event not later than two hundred ten (210/270) days after the close of each Fiscal Year, an audited financial statement of the SA in accordance with section 34177(n) of the California Health and Safety Code for the preceding Fiscal Year, prepared by a certified public accountant; provided, however, that in the event that such audited financial statement is not available by the above-referenced filing date, an unaudited financial statement may be substituted therefore. In the event an unaudited financial statement is submitted, the SA shall file the audited financial statement with the CIEDB as soon as it becomes available. The SA will furnish to the CIEDB such reasonable number of copies of such audited financial statement as may be required by the CIEDB for distribution (at the expense of the SA).

2. Instead of depositing all Tax Revenues in the Special Fund pursuant to section 3.02 of the Agreement, and until notified otherwise in writing by the CIEDB, a deposit of Tax Revenues in the Redevelopment Property Tax Trust Fund (RPTTF) established pursuant to section 34170.5(b) of the California Health and Safety Code will be deemed as complying with the deposit into the Special Fund requirement of section 3.02.

3. Instead of transferring all amounts in the Special Fund that are not required for annual debt service for Senior Debt to the CIEDB Special Fund/CIEDB Sub-account/2002 Loan Special Fund [select language used in Agreement, and until notified otherwise in writing by the CIEDB, a transfer of funds to the Redevelopment Obligation Retirement Fund pursuant to section 34185 of the California Health and Safety Code will be deemed as complying with the transfer to the CIEDB Special Fund

requirement of section 3.02 of the Agreement. [this only appears to apply to the Bakersfield Agreement with a CIEDB Special Fund]

4. Instead of making the annual set-aside in or deposit to the CIEDB Special Fund/CIEDB Sub-account/2002 Loan Special Fund [select language used in Agreement] pursuant to section 3.02 of the Agreement, and until notified otherwise in writing by the CIEDB, a transfer of funds to the Redevelopment Obligation Retirement Fund pursuant to section 34185 of the California Health and Safety Code will be deemed as complying with the transfer to the CIEDB Special Fund requirement of section 3.02 of the Agreement.

5. Instead of making payments from the CIEDB Special Fund/CIEDB Sub-account/2002 Loan Special Fund [select language used in Agreement] in accordance with section 3.03 of the Agreement, and until notified otherwise in writing by the CIEDB, payments from the Redevelopment Obligation Retirement Fund will be acceptable.

**Additional Information Required:**

In accordance with the provisions of section 5.03(c)(7) of the Agreement which permits the CIEDB to request additional information, and until notified otherwise in writing by the CIEDB, the SA shall provide the following to the CIEDB:

- a) A copy of the draft Recognized Obligation Payment Schedules (“ROPS”) contemporaneously with submittal to the Oversight Board;
- b) A copy of the Department of Finance (“DOF”) approved ROPS within two (2) days of DOF approval;
- c) A copy of any amendments to the DOF approved ROPS;
- d) Prompt notification, upon being made aware that the County Assessor has determined that there are insufficient funds in the RPTTF to pay all obligations included in any DOF approved ROPS. Such notification shall provide detail as to the amount of the insufficiency and whether such insufficiency is expected to reduce or delay the SA’s payment to the CIEDB.

Except as otherwise provided in this letter, all other terms and conditions of the Agreement shall remain in full force and effect. At the CIEDB’s discretion, the CIEDB reserves the right to (i) cease granting any of the accommodations set forth in this letter and return to requiring full compliance with the Agreement; (ii) cease granting certain of the accommodations provided in this letter; and/or (iii) modify the accommodations provided in this letter.

The CIEDB is granting the accommodations provided in this letter in order to help the SA avoid triggering an Event of Default under the Agreement (as such term is defined in the Agreement). In all cases, the requirements set forth in this letter will be treated in the same manner that corresponding covenants are treated in the Agreement. Thus, such requirements will be subject to the same deadlines and other terms and conditions set forth in the Agreement. The SA’s failure to comply with any of the modified provisions or the additional information requirements, as set forth in this letter, **will be treated as a failure to comply under the Agreement, may trigger an Event of Default and would give rise to all remedies available to the CIEDB under the Agreement.**

Attached to this letter is a new template Annual Certificate for your use. The submittal of an Annual Certificate is required pursuant Section 3.01(a) of the Agreement, and is due to the CIEDB no later than 210/270 days after the end of the fiscal year (e.g., January 30, 2013). Please save this template for your use and place a hard copy in your I-Bank Reference Manual.

If you have any questions, please contact Diane Cummings, ISRF Unit Support Manager, at (916) 324-4805, or [diane.cummings@ibank.ca.gov](mailto:diane.cummings@ibank.ca.gov).  
Sincerely,

Roma Cristia-Plant  
Assistant Executive Director

**Attachment 2  
Annual Certificate Template**

*[Print on Successor Agency's letterhead.]*

Date

ISRF Support Unit Manager  
California Infrastructure and Economic Development Bank  
980 9<sup>th</sup> Street, Suite 900  
Sacramento, CA 95814

**Re: Annual Certificate for Tax Allocation Loan Agreement**

**City of Bakersfield as successor agency to the Bakersfield Redevelopment Agency, Agreement No. CIEDB-B08-083**

In accordance with the annual reporting provisions contained in Section 5.03 of the Tax Allocation Loan Agreement dated February 1, 2008, ("Loan Agreement") between the City of Bakersfield as successor agency to the Bakersfield Redevelopment Agency ("Borrower") and the California Infrastructure and Economic Development Bank ("CIEDB"), any amendments thereto, and as modified by the letter from the CIEDB dated December 28, 2012, I hereby certify that the following is true and correct for fiscal year 20XX-20XX ("Fiscal Year"). All capitalized terms have the same meaning as defined in the Loan Agreement.

1. Attached is a copy of the Borrower's audited financial statements for the Fiscal Year, prepared by an Independent Accountant.
2. The total tax increment allocated by the County Assessor's Office for payment of the CIEDB debt (includes principal, interest, and CIEDB Annual Fee) for the Fiscal Year is: \$\_\_\_\_\_.
3. No Event of Default as described in Section 7.01(a) has occurred and no event has occurred which, with the passing of time or the giving of notice or of both, would constitute an Event of Default.
4. The Borrower is in compliance with the Tax Certificate requirements as set forth in Exhibit G of the Agreement. In addition, the Purchaser certifies to the following:
  - a.  yes  no During the Fiscal Year, the Project has not been used and at this time is not expected to be used in the future by anyone or any entity other than the Purchaser, other governmental entities or the general public.
  - b.  yes  no During the Fiscal Year, neither the Project nor any part of the Project has been sold or leased.
  - c.  yes  no Only the Purchaser operated and managed the Project during the Fiscal Year.
  - d.  yes  no Excluding construction contracts and contracts previously consented to by the CIEDB related to the Project; the Purchaser has not entered into any contracts or agreements

related to the use, management, or operation of the Project,  
or for any other reason related to the Project.

5. There has not been any other event or circumstance of any kind relating to the Project or the Borrower generally that would materially affect the ability of the Borrower to repay the Loan. No litigation or administrative challenges of any type have been commenced or threatened which (if ultimately decided against the Borrower) would materially affect the ability of the Borrower to repay the Loan.
6. The Borrower submitted all Recognized Obligation Payment Schedules (ROPS) required for the current Fiscal Year to the Department of Finance (DOF) according to DOF's schedule and the Borrower's ROPS payment schedules provided coverage for this loan and other obligations approved by DOF.
7. The Reserve Account:
  - a. Is funded in an amount equal to the Reserve Requirement.  
 yes             no
  - b. Is invested in Permitted Investments.  
 yes             no
  - c. There have been no withdrawals from the Reserve Account during the Fiscal Year.  
 yes             no

(If there **were** withdrawals from the Reserve Account during the  
Fiscal Year, select one of the following.)

- There were one or more withdrawals from the Reserve Account during the Fiscal Year; notification was sent to the CIEDB pursuant to Section 3.05 of the Loan Agreement, and the replenishment schedule is attached hereto.
- (or)
- There were one or more withdrawals from the Reserve Account during the Fiscal Year; notification was sent to the CIEDB pursuant to Section 3.05 of the Loan Agreement, and the account has been replenished to the Reserve Requirement.

8. The most recent credit rating on the pledged revenue source is:

Fitch	_____
Moody's	_____
Standard & Poors	_____
Not Rated	_____

Sincerely,

[NAME]