

CORCORAN REDEVELOPMENT AGENCY

ASSET TRANSFER REVIEW

Review Report

January 1, 2011, through January 31, 2012



JOHN CHIANG
California State Controller

December 2014



JOHN CHIANG
California State Controller

December 29, 2014

Kindon Meik, City Manager
Corcoran Redevelopment/Successor Agency
832 Whitley Avenue
Corcoran, CA 93212

Dear Mr. Meik:

Pursuant to Health and Safety Code section 34167.5, the State Controller's Office (SCO) reviewed all asset transfers made by the Corcoran Redevelopment Agency (RDA) to the City of Corcoran (City) or any other public agency after January 1, 2011. This statutory provision states, "The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in furtherance of the Community Redevelopment Law and is thereby unauthorized." Therefore, our review included an assessment of whether each asset transfer was allowable and whether the asset should be turned over to the Successor Agency.

Our review applied to all assets including, but not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payment of any kind. We also reviewed and determined whether any unallowable transfers to the City or any other public agency have been reversed.

Our review found that the RDA transferred \$9,261,954 in assets after January 1, 2011, including unallowable transfers totaling \$3,496,950, or 37.76% of transferred assets. The unallowable transfers included \$2,496,950 to the City and \$1,000,000 to the Entity Assuming the Housing Functions.

However, on November 15, 2012, the Entity Assuming the Housing Functions remitted \$1,000,000 in cash to the Kings County Auditor-Controller to be distributed to the taxing entities.

Also, on November 6, 2014, the City turned over \$2,019,274 in land held for resale to the Successor Agency. Therefore, the remaining \$477,676 in unallowable transfers must be turned over to the Successor Agency.

If you have any questions, please contact Elizabeth González, Chief, Local Government Compliance Bureau, by telephone at (916) 324-0622, or by email at egonzalez@sco.ca.gov.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/mh

Attachment

cc: Soledad Ruiz-Nuñez, Finance Director
City of Corcoran
Raymond Lerma, Oversight Board Chair
City of Corcoran
Rebecca Carr, CPA, Auditor-Controller/Director of Finance
Kings County
David Botelho, Program Budget Manager
California Department of Finance
Richard J. Chivaro, Chief Legal Counsel
State Controller's Office
Elizabeth González, Bureau Chief
Division of Audits, State Controller's Office
Betty Moya, Audit Manager
Division of Audits, State Controller's Office
Anita Bjelobrk, Auditor-in-Charge
Division of Audits, State Controller's Office
Patrice Mackey, Auditor
Division of Audits, State Controller's Office

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Asset Transfer Review Report

Summary

The State Controller's Office (SCO) reviewed the asset transfers made by the Corcoran Redevelopment Agency (RDA) after January 1, 2011. Our review included, but was not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payments of any kind from any source.

Our review found that the RDA transferred \$9,261,954 in assets after January 1, 2011, including unallowable transfers totaling \$3,496,950, or 37.76% of transferred assets. The unallowable transfers included \$2,496,950 to the City of Corcoran (City) and \$1,000,000 to the Entity Assuming the Housing Functions.

However, on November 15, 2012, the Entity Assuming the Housing Functions remitted \$1,000,000 in cash to the Kings County Auditor-Controller to be distributed to the taxing entities.

Also, on November 6, 2014, the City turned over \$2,019,274 in land held for resale to the Successor Agency. Therefore, the remaining \$477,676 in unallowable transfers must be turned over to the Successor Agency.

Background

In January of 2011, the Governor of the State of California proposed statewide elimination of redevelopment agencies (RDAs) beginning with the fiscal year (FY) 2011-12 State budget. The Governor's proposal was incorporated into Assembly Bill 26 (ABX1 26, Chapter 5, Statutes of 2011, First Extraordinary Session), which was passed by the Legislature, and signed into law by the Governor on June 28, 2011.

ABX1 26 prohibited RDAs from engaging in new business, established mechanisms and timelines for dissolution of the RDAs, and created RDA successor agencies and oversight boards to oversee dissolution of the RDAs and redistribution of RDA assets.

A California Supreme Court decision on December 28, 2011 (*California Redevelopment Association et al. v. Matosantos*), upheld ABX1 26 and the Legislature's constitutional authority to dissolve the RDAs.

ABX1 26 was codified in the Health and Safety (H&S) Code beginning with section 34161.

H&S Code section 34167.5 states in part, “. . . the Controller shall review the activities of redevelopment agencies in the state to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency or any other public agency, and the redevelopment agency.”

The SCO identified asset transfers that occurred after January 1, 2011, between the RDA, the City, and/or any other public agency. By law, the SCO is required to order that such assets, except those that already had been committed to a third party prior to June 28, 2011, the effective date of ABX1 26, be turned over to the Successor Agency. In addition, the SCO may file a legal action to ensure compliance with this order.

Objective, Scope, and Methodology

Our review objective was to determine whether asset transfers that occurred after January 1, 2011, and the date upon which the RDA ceased to operate, or January 31, 2012, whichever was earlier, between the city or county, or city and county that created an RDA, or any other public agency, and the RDA, were appropriate.

We performed the following procedures:

- Interviewed Successor Agency personnel to gain an understanding of the Successor Agency's operations and procedures.
- Reviewed meeting minutes, resolutions, and ordinances of the City, the RDA, the Successor Agency, and the Oversight Board.
- Reviewed accounting records relating to the recording of assets.
- Verified the accuracy of the Asset Transfer Assessment Form. This form was sent to all former RDAs to provide a list of all assets transferred between January 1, 2011, and January 31, 2012.
- Reviewed applicable financial reports to verify assets (capital, cash, property, etc.).

Conclusion

Our review found that the Corcoran Redevelopment Agency transferred \$9,261,954 in assets after January 1, 2011, including unallowable transfers totaling \$3,496,950, or 37.76% of transferred assets. The unallowable transfers included \$2,496,950 to the City of Corcoran (City) and \$1,000,000 to the Entity Assuming the Housing Functions.

However, on November 15, 2012, the Entity Assuming the Housing Functions remitted \$1,000,000 in cash to the Kings County Auditor-Controller to be distributed to the taxing entities.

Also, on November 6, 2014, the City turned over \$2,019,274 in land held for resale to the Successor Agency. Therefore, the remaining \$477,676 in unallowable transfers must be turned over to the Successor Agency.

Details of our findings are described in the Findings and Orders of the Controller section of this report.

Views of Responsible Officials

We issued a draft review report on September 4, 2014. Kindon Meik, City Manager, responded by letter dated October 6, 2014. The City's response is included in this final review report as an attachment.

Restricted Use

This report is solely for the information and use of the City of Corcoran, the Successor Agency, the Oversight Board, the Entity Assuming the Housing Functions, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record when issued final.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

December 29, 2014

Findings and Orders of the Controller

FINDING 1— Unallowable asset transfers to the City of Corcoran

The Corcoran Redevelopment Agency (RDA) made unallowable asset transfers of \$2,496,950 to the City of Corcoran (City). The transfers occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

Unallowable asset transfers were as follows:

- On June 29, 2011, the RDA transferred \$44,301 in furniture and equipment to the City.
- On June 29, 2011, the RDA transferred \$1,988,719 in land held for resale to the City. Additionally, on July 13, 2011, the RDA transferred \$30,555 in land held for resale to the City.
- On January 30, 2012, the RDA transferred \$433,375 in cash to the City.

Pursuant to Health and Safety (H&S) Code section 34167.5, the RDA may not transfer assets to a city, county, city and county, or any other public agency after January 1, 2011. The assets must be turned over to the Successor Agency for disposition in accordance with H&S Code section 34177(d) and (e).

Order of the Controller

Pursuant to H&S Code section 34167.5, the City is ordered to reverse the transfers totaling \$2,496,950 and turn over the assets to the Successor Agency. However, on November 6, 2014, the City turned over \$2,019,274 in land held for resale to the Successor Agency. Therefore, the remaining \$477,676 in unallowable transfers must be turned over to the Successor Agency.

City's Response

The City partially disagrees with the SCO's Findings. See Attachment for the City's complete response.

SCO's Comment

Item # 1- Furniture and equipment (\$44,301)

The SCO agrees with the City's proposed corrective action. The Order of the Controller remains as stated in regard to the \$44,301 in furniture and equipment assets transferred to the City.

Item #2 and Item #3 – Land for Resale (\$1,988,719 and \$30,555)

The City provided documentation that confirmed that on November 6, 2014, the City turned over \$2,019,274 in land held for resale to the Successor Agency. The Order of the Controller has been modified accordingly.

Item #4 – Cash (\$433,375)

The City states that the RDA and City passed Resolution No. 2611 approving the \$433,375 as enforceable obligations of the Successor Agency. However, the resolution only states that the City Council of the City of Corcoran authorizes the resolution and not the RDA. Also, the resolution states that these are to become enforceable obligations of the Successor Agency and not those of the RDA. Since the City elected to become the Successor Agency, these obligations were to be reported on the Recognized Obligation Schedules from January through December of 2012.

The Successor Agency should utilize the Recognized Obligation Payment Schedule (ROPS) process in order to be reimbursed for any services that it incurs.

The Order of the Controller remains as stated for the transfer of \$433,375 in cash to the City.

**FINDING 2—
Unallowable asset
transfers to the Entity
Assuming the Housing
Functions**

The Corcoran Redevelopment Agency (RDA) made an unallowable asset transfer of \$1,000,000 to the Entity Assuming the Housing Functions. The transfer occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

On April 1, 2011, the RDA transferred \$1,000,000 in cash to the Entity Assuming the Housing Functions.

Pursuant to H&S Code section 34167.5, the RDA may not transfer assets to a city, county, city and county, or any other public agency after January 1, 2011. The assets must be turned over to the Successor Agency for disposition in accordance with H&S Code section 34177(d) and (e).

Order of the Controller

Pursuant to H&S Code section 34167.5, the Entity Assuming the Housing Functions is ordered to reverse the transfer of assets in the amount of \$1,000,000 and turn over the assets to the Successor Agency. However, on November 15, 2012, the Entity Assuming the Housing Functions remitted \$1,000,000 in cash to the Kings County Auditor-Controller for distribution to the affected taxing entities. Therefore, no further action is necessary.

**Schedule 1—
Unallowable Asset Transfers to
the City of Corcoran
January 1, 2011, through January 31, 2012**

On June 29, 2011, the RDA transferred furniture and equipment to the City	\$ 44,301
On June 29, 2011, the RDA transferred land held for resale to the City	1,988,719
On July 13, 2011, the RDA transferred land held for resale to the City	30,555
On January 30, 2012, the RDA transferred cash to the City	<u>433,375</u>
Total unallowable transfers to the City	<u>2,496,950</u>
On November 6, 2014, the City turned over land held for resale to the Successor Agency	<u>(2,019,274)</u>
Total transfers subject to H&S Code section 34167.5	<u>\$ 477,676</u>

**Schedule 2—
Unallowable Asset Transfers to
the Entity Assuming the Housing Functions
January 1, 2011, through January 31, 2012**

On April 1, 2011, the RDA transferred cash to the Entity Assuming the Housing Functions	\$ 1,000,000
On November 15, 2012, the cash was remitted to the Kings County Auditor-Controller	<u>(1,000,000)</u>
Total transfers subject to H&S Code section 34167.5	<u><u>\$ —</u></u>

**Attachment—
City's Response to
Draft Review Report**

City of
CORCORAN
A MUNICIPAL CORPORATION FOUNDED 1914

October 6, 2014

Ms. Elizabeth González
Local Government Compliance Bureau
California State Controller's Office, Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Re: Corcoran Redevelopment Agency Asset Transfer Review

Ms. González,

This letter serves as a response to the correspondence dated September 4, 2014 in regards to the Corcoran Redevelopment Agency (RDA) assets that were transferred to the City of Corcoran after January 1, 2011 as noted in the draft Asset Transfer Review report.

As outlined in the aforementioned report, Finding 1 identifies \$2,496,950 in assets that were transferred to the City of Corcoran. A summary of those transfers is listed below:

<u>Description</u>	<u>Value</u>
1. Furniture and equipment	\$ 44,301
2. Land held for resale	\$1,988,719
3. Land held for resale	\$ 30,555
4. Cash	\$ 433,375

Item #1 – Furniture and equipment (\$44,301)

Pursuant to H&S Code Section 34167.5, the City will reverse the transfer to facilitate disposition of the assets by the Successor Agency.

Item #2 and Item #3 – Land for Resale (\$1,988,719 and \$30,555)

In 2010, the City of Corcoran loaned \$2,000,000 to the Corcoran RDA for the purpose of purchasing land for a proposed retail project (See Exhibit A). With the loan, the Corcoran RDA purchased eight contingent parcels comprising approximately 20 acres. Anticipating the dissolution of redevelopment agencies, the developer chose to abandon the proposed project.

CITY OFFICES:

832 Whitley Avenue • Corcoran, CA 93212 • Phone 559/992-2151 • www.cityofcorcoran.com

On September 23, 2013 the Oversight Board for the Successor Agency of the Corcoran RDA approved Resolution No. 2013-03 with the finding that the loan made by the City to the Corcoran RDA was for legitimate redevelopment purposes and that it was an enforceable obligation (See Exhibit B). As a result, the properties purchased with the loan from the City have been listed on the Long Range Property Management Plan (LRPMP) as properties to be held for resale by the Successor Agency with the understanding that the proceeds from the sale of any land would be used to repay the enforceable obligation. The LRPMP was approved by the Oversight Board on September 22, 2014.

Pending approval by the Department of Finance, the City will transfer the properties to the Successor Agency. Proceeds from the sale of the properties will be used to comply with the enforceable obligation.

Item #4 – Cash (\$433,375)

The Redevelopment Board/City Council approved Resolution No. 2611 which allocated RDA monies for existing contracts and anticipated expenses (See Exhibit C). Detailed information on the items in the resolution is provided below:

A. CrisCom Company - \$70,000

The CrisCom Company began providing services for the Corcoran Redevelopment Agency/City of Corcoran in 2005. In 2010 the Redevelopment Agency board approved an extension of services with CrisCom through December 2012. As part of its government affairs/lobbying efforts, CrisCom helped secure grants and other funding for specific projects and activities with the redevelopment area. Additionally, CrisCom has actively pursued development opportunities with the intent of creating jobs, eliminating blight, and bolstering the local economy (See Exhibit D). The \$70,000 paid to CrisCom in February 2012 covered the contract obligation through December 2012. In its determination letter dated October 2012, the Department of Finance authorized the use of Redevelopment Property Tax Trust Fund (RPTTF) monies to continue services provided by CrisCom (See Exhibit E)

B. Corcoran Chamber of Commerce - \$30,600

The Corcoran RDA partnered with the Corcoran Chamber of Commerce in the early 1990s to assist with business attraction and retention. Additionally, the Chamber served as the facilitator for the implementation of the Downtown Revitalization Plan adopted in 1997. The Chamber of Commerce and the Corcoran RDA have worked without a formal contract, however, the ongoing relationship is documented in the Corcoran RDA Five-Year Implementation Plan adopted in 2009. The projected expenditures for marketing and public relations included the contribution to the Chamber of Commerce and the Kings Economic Development Corporation (See Exhibit F).

C. Kings County Fire Department - \$42,775

In 1987 the Corcoran RDA and Kings County signed an agreement stipulating that the Corcoran RDA would waive its right to 100% of the Fire District Tax Increment Revenue Share (FDTIRS) payable to the Agency (See Exhibit G). In return, Kings County would provide fire services for Corcoran. However, with increased costs to operate fire services in the community, additional RDA monies were needed beyond the amount collected as part of the FDTIRS. As such, the RDA was legally obligated to contribute additional funds for ongoing fire services. The \$42,775 represents the final allocation by the Corcoran RDA for the fiscal year 2011-2012.

D. Legal Fees - \$290,000

At the time of dissolution, the Corcoran RDA was negotiating several legal issues and had entered into litigation on matters which included breach of contract on Payment in Lieu of Taxes (PILOT) agreements, disputes with developers on proposed retail projects (see Item #2 and Item #3 above), discussions with owners of abandoned properties, and other redevelopment matters. To cover the costs of legal fees and settlement resolutions on behalf of the RDA, a total of \$290,000 was placed in a trust account with the attorney representing the Successor Agency. Said funds have been fully exhausted.

At this time, the Corcoran Redevelopment Successor Agency requests that the State Controller's Office consider the information provided prior to issuing its final report.

Should there be any questions or if additional information is needed, please contact me at your convenience.

Sincerely,



Kindon Meik
City Manager

General Ledger

Detailed Trial Balance

User: sruwez
 Printed: 11/06/2014 - 11:55AM
 Period: 05, 2015



Account Number	Description	Budget	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
311	City as Successor RDA					
ASSETS						
311-000-160-160	Property Held for Resale	0.00				
11/6/2014	GL 5 16			2,019,274.00	0.00	
	311-000-160-160 Totals:		0.00	2,019,274.00	0.00	2,019,274.00
	311-000 ASSETS Totals:		0.00	2,019,274.00	0.00	2,019,274.00
	ASSETS Totals:		0.00	2,019,274.00	0.00	2,019,274.00
	311 Totals:		0.00	2,019,274.00	0.00	2,019,274.00
	Report Totals:		0.00	2,019,274.00	0.00	2,019,274.00

Exhibit A

**RESOLUTION NO. 2479
REDEVELOPMENT AGENCY NO. 10-01**

**A JOINT RESOLUTION OF THE CITY COUNCIL FOR THE
CITY OF CORCORAN AND THE CITY OF CORCORAN
REDEVELOPMENT AGENCY**

WHEREAS, the City of Corcoran has funds available in its Water Fund that it can loan to the City of Corcoran Redevelopment Agency for purposes of assisting with physical and economic blight removal, job creation, local provision of goods and services and / or generation of tax increment to the redevelopment agency;

WHEREAS, the City of Corcoran wishes to loan up to the sum of \$2,000,000.00; and

WHEREAS, the Redevelopment Agency agrees and promises to borrow and repay to the City of Corcoran Redevelopment Agency up to the sum of \$2,000,000.00 for such purpose; and

NOW, THEREFORE, the City of Corcoran and the Redevelopment Agency Resolve and Agree as follows:

1. The City of Corcoran agrees to loan to the City of Corcoran Redevelopment Agency the sum of up to \$2,000,000.00 for purposes of assisting the Redevelopment Agency's mission and purpose;

2. The Redevelopment Agency agrees to accept said loan and promises to repay to the City of Corcoran the sum of \$2,000,000.00 on the following terms:

A. The loan of up to \$2,000,000.00 shall be repaid on or before 2025.

B. The interest rate to be charged by the City of Corcoran to the Redevelopment Agency shall be the average 12 month rate funds earned in the L.A.I.F. account.

IT IS FURTHER RESOLVED that the Redevelopment Agency and the City of Corcoran shall execute any and all documents necessary, if any, and as required to consummate and confirm this loan. Upon payment in full by the Redevelopment Agency, the City agrees to introduce and sign a resolution indicating that payment in full has been made.

I, the undersigned City Clerk of the City of Corcoran, hereby certify that the foregoing is a full, true and correct copy of a Joint Resolution duly adopted by the City Council of the City and the City of Corcoran Redevelopment Agency at a meeting thereof on the 1st day of March, 2010, by the following vote of the members/directors thereof:

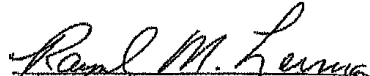
AYES: Councilmembers: Haile, Wadsworth, and Lerma

NOES: None

ABSTAINED:None

ABSENT: Councilmembers: Baltierra, and Hanshew

APPROVED:


Raymond Lerma, Mayor/Chairman

ATTEST:



Lorraine F. Lopez, City Clerk/Secretary

Exhibit B

RESOLUTION NO. 2013-03

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE CORCORAN REDEVELOPMENT AGENCY RECOGNIZING A LOAN AGREEMENT BETWEEN THE CITY OF CORCORAN AND THE FORMER CORCORAN REDEVELOPMENT AGENCY AS AN ENFORCEABLE OBLIGATION.

WHEREAS, on March 1, 2010 the City of Corcoran adopted Resolution No. 2479 approving a loan of \$2,000,000 to the Corcoran Redevelopment Agency; and

WHEREAS, on March 1, 2010 the Corcoran Redevelopment Agency (RDA) adopted Resolution No. 10-01 accepting the \$2,000,000 loan from the City and agreed to repay said loan by the year 2025; and

WHEREAS, the Corcoran Redevelopment Agency expended \$1,919,920 of the total loan to purchase land for a proposed development project consisting of the following parcels located at the northeast quadrant of Whitley Avenue and Pickerell Avenue:

APN 034-170-003	APN 034-170-013
APN 034-170-004	APN 034-170-019
APN 034-170-005	APN 034-170-020
APN 034-170-012	

WHEREAS, in 2011, with the dissolution of the Corcoran RDA, title on the aforementioned land was transferred to the City of Corcoran based on the understanding that the monies used to acquire the various parcels were in essence City funds. No tax increment monies associated with the RDA were ever used as part of the land transaction; and

WHEREAS, in January 2013, the Corcoran Successor Agency submitted the required Due Diligence Review (DDR), conducted by an independent auditor, to the Department of Finance (DOF) for consideration. As part of its review, the DOF determined in its March 25, 2013 letter that the property transfer valued at \$1,919,920 was an invalid asset transfer. In response, the Corcoran Successor Agency requested a meet and confer to discuss the determination and appeal the decision of the DOF; and,

WHEREAS, the DOF declared that "The repayment of the loan may become an enforceable obligation after the Agency receives a Finding of Completion from Finance. If the oversight board makes a finding that the loan was for legitimate redevelopment purposes, the loan should be placed on future Recognized Obligation Payment Schedules for repayment. Refer to HSC section 34191.4(b) for more guidance."; and,

WHEREAS, the Corcoran Successor Agency received its Finding of Completion on April 26, 2013 from DOF.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board for the Successor Agency of the Corcoran Redevelopment Agency hereby determines and makes the findings as follows:

Section 1. With the Finding of Completion from Department of Finance on April 26, 2013, the Oversight Board is now able to consider the 2010 loan from the City to the RDA.

Section 2. The \$2,000,000 loan made in 2010 from the City of Corcoran to the Corcoran Redevelopment Agency was for legitimate redevelopment purposes.

Section 3. This loan is an enforceable obligation to be paid to the City of Corcoran.

Section 4. The loan repayment schedule is attached hereto as Exhibit A.

NOW THEREFORE, BE IT FURTHER RESOLVED that the Oversight Board for the Successor Agency of the Corcoran Redevelopment Agency does hereby recognize and determine the amount be listed on the future Recognized Obligation Payment Schedules of the City of Corcoran Successor Agency of the Corcoran Redevelopment Agency.

PASSED AND ADOPTED at a regular meeting of the Corcoran Oversight Board held on the 23rd day of September, 2013, by the following vote:

AYES: Members: Cori, Hollabaugh, Palmerin, Valle, and Venegas

NOES: Members: None

ABSENT: Member: Graville

ABSTAIN: Member: Lerma

APPROVED:


Raymond M. Lerma, Chair

ATTEST:


Lorraine P. Lopez, Secretary/Board Clerk

City Loan Repayment

Pymt Date	LAIF Est Rate	Interest	Principal	Principal Balance	Total Payment
1/1/2014*	0.250%	30,018.68	153,846.15	2,000,000.00	183,864.83
1/1/2015	0.250%	4,615.38	153,846.15	1,846,153.85	158,461.54
1/1/2016	0.250%	4,230.77	153,846.15	1,692,307.69	158,076.92
1/1/2017	0.250%	3,846.15	153,846.15	1,538,461.54	157,692.31
1/1/2018	0.250%	3,461.54	153,846.15	1,384,615.38	157,307.69
1/1/2019	0.250%	3,076.92	153,846.15	1,230,769.23	156,923.08
1/1/2020	0.250%	2,692.31	153,846.15	1,076,923.08	156,538.46
1/1/2021	0.250%	2,307.69	153,846.15	923,076.92	156,153.85
1/1/2022	0.250%	1,923.08	153,846.15	769,230.77	155,769.23
1/1/2023	0.250%	1,538.46	153,846.15	615,384.62	155,384.62
1/1/2024	0.250%	1,153.85	153,846.15	461,538.46	155,000.00
1/1/2025	0.250%	769.23	153,846.15	307,692.31	154,615.38
1/1/2026	0.250%	384.62	153,846.15	153,846.15	154,230.77
				0.00	2,080,018.68

*Interest on first payment includes interest from 3/1/2010, calculated monthly using LAIF rates

Exhibit C

RESOLUTION NO. 2611

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORCORAN AUTHORIZING PAYMENT OF LEGALLY ENFORCEABLE OBLIGATIONS AND ALLOCATION OF REDEVELOPMENT AGENCY FUNDS.

WHEREAS, the RDA is to dissolve as of February 1, 2012, and the City of Corcoran is the Successor Agency;

WHEREAS, certain legally enforceable obligations exist; and

WHEREAS, the Successor Agency wishes to satisfy those obligations;

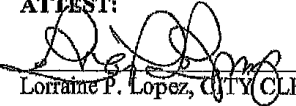
NOW, THEREFORE, the Successor Agency hereby resolves to pay the following:

1. The legally binding agreement with The CrisCom Company in the sum of \$70,000.
2. The legally binding agreement with the Corcoran Chamber of Commerce in the sum of \$30,600.
3. The legally binding agreement with the Kings County Fire Department in the sum of \$42,775.
4. To pay legally binding legal and expert fees for litigation surrounding certain Lessee's breaches of legally binding agreements and for the cost of assuming and eliminating slum and blight in the sum of \$290,000.
5. The payment of \$12,636 for a legally binding contract with eCivis.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Corcoran held on the 30th day of January 2012, by the following vote:

AYES: Councilmembers: Lerma, Robertson, and Baltierra
NOES: None
ABSENT: Councilmember: Wadsworth
ABSTAIN: Councilmember: Mustain

APPROVED: *Jonie Baltierra*
Antonia "Foni" Baltierra, MAYOR

ATTEST:

Loraine P. Lopez, CITY CLERK

CLERKS CERTIFICATE

City of Corcoran }
County of Kings } ss.
State of California }

I, Lorraine P. Lopez, hereby certify that the foregoing is a full, true and correct copy of a resolution passed and adopted by the City Council of the City of Corcoran at a special meeting held on the 30th day of January, 2012, by the vote as set forth therein.

DATED: January 31, 2012

ATTEST:



Lorraine P. Lopez, GMC
City Clerk

[seal]

Exhibit D

City of

CORCORAN

A MUNICIPAL CORPORATION

FOUNDED 1914

STAFF REPORT
ITEM #: 7-A

MEMO

TO: Corcoran City Council/~~Development Agency~~

FROM: Ron Hoggard, City Manager

DATE: November 1, 2010 MEETING DATE: November 15, 2010

SUBJECT: Consider Extension of Criscom Company Governmental Affairs
Contracts/Lobbying Efforts

Recommendation: (Voice Vote)

It is recommended that the City Council extend the CrisCom Company State and Federal lobbying efforts through December of 2012 at the combined rate of \$7,000 per month.

Discussion:

Over the course of the last five and a half years, the City of Corcoran has used the governmental Affairs/Lobbying efforts of the CrisCom Company to work with State and Federal agencies and legislators to move certain projects forward and have assisted in securing much needed funding. They have also been instrumental in getting commercial developers to explore the possibilities that may be developed in Corcoran.

The CrisCom commitment to the community has been demonstrated by their opening and maintaining a Central Valley office in Corcoran, work with the Chamber of Commerce and working on an Emergency Aid/School Pack project.

CrisCom was instrumental in helping:

- Secure the \$2,000,000 State Water Plant Grant
- Remove the Coast Grain Building owned by the BNSF
- Secure over \$600,000 for additional gang and drug law enforcement personnel.
- Bring commercial developers to the community.

CrisCom continues to work on water cost issues, additional funding for drug and gang efforts, police facilities funding, as well as commercial efforts.

Budget Impact:

No change to the current funding amount.

City Offices

832 Whitley Avenue * Corcoran, CA 93212 * Phone 559.992.2151 * www.cityofcorcoran.com

**MINUTES
CORCORAN CITY COUNCIL,
REDEVELOPMENT AGENCY &
JOINT POWERS FINANCE AUTHORITY
REGULAR MEETING
November 15, 2010**

The regular session of the Corcoran City Council and Redevelopment Agency was called to order by Mayor Lerma, in the City Council Chambers, 1015 Chittenden Avenue, Corcoran, CA at 6:00 P.M.

ROLL CALL

Councilmembers present: Toni Baltierra, Dick Haile, Jim Wadsworth, and Raymond Lerma

Councilmembers absent: Larry Hanshew

Staff present: Lorraine Lopez, Ron Hoggard, Joyce Venegas, Steve Kroeker, and Mike Farley

Press present: Jeanette Todd, "The Corcoran Journal"

INVOCATION

Invocation was presented by City Manager Hoggard.

FLAG SALUTE

The flag salute was led by Councilmember Wadsworth.

1. PUBLIC DISCUSSION

None

2. CONSENT CALENDAR

Wadsworth requested Item D pulled from the consent calendar for discussion. Following Council discussion a motion was made by Haile and seconded by Wadsworth to approve the consent calendar; Wadsworth abstained from voting on Item 2A, Approval of Minutes of the regular meeting on November 1, 2010. Motion carried by the following vote:

AYES: 4 NOES: 0 ABSENT: 1 (Hanshew)

- A. Approved Minutes of the regular meeting on November 1, 2010.
- B. Authorization to read ordinances and resolutions by title only.
- C. Approved Acceptance of property located at APN: 034-170-002, 034-170-003, and 034-170-004.

At this time, Council moved to the following item.

2D. Following Council discussion a motion was made by Wadsworth and seconded by Haile to approve first Amendment of Joint Exercise and Power Agreement with Corcoran District Hospital. Motion carried by the following vote:

AYES: 4 NOES: 0 ABSENT: 1 (Hanshew)

Council returned to the regular agenda sequence.

3. **APPROPRIATIONS**

Following Council discussion a **motion** was made by Wadsworth and seconded by Baltierra to approve the Warrant Register dated November 15, 2010; Haile abstained from voting on the Warrant made payable to Economy Smog in the amount of \$447.75. Lerma abstained from voting on the Warrant made payable to Raymond Lerma in the amount of \$102.00. Motion carried by the following vote:

AYES: 4 **NOES:** 0 **ABSENT:** 1 (Hanshaw)

4. **PRESENTATIONS** - None.

5. **PUBLIC HEARINGS** - None

6. **WRITTEN COMMUNICATIONS** - None

7. **STAFF REPORTS**

7A. Following Council discussion a **motion** was made by Wadsworth and seconded by Haile to approve extension of CrisCom Company, State and Federal lobbying efforts through December 2012 at the combined rate of \$7,000 per month. Motion carried by the following vote:

AYES: 4 **NOES:** 0 **ABSENT:** 1 (Hanshaw)

7B. Following Council discussion a **motion** was made by Wadsworth and seconded by Baltierra to approve the Software and Services Agreement with Sun Ridge Systems Inc. and authorize the City Manger to sign on behalf of the City. Motion carried by the following vote:

AYES: 4 **NOES:** 0 **ABSENT:** 1 (Hanshaw)

7C. Following Council discussion a **motion** was made by Wadsworth and seconded by Baltierra to approve Resolution No. 2524 authorizing Amendment Number One to the Cooperative Agreement for the Continuation of Kings County Association of Governments (KCAG). Motion carried by the following vote:

AYES: 4 **NOES:** 0 **ABSENT:** 1 (Hanshaw)

7D. Atkins provided an informational report regarding Grant Award Announcements and discussed the city's plans to apply for funds to improve the City's existing parks. Information item only, no action taken.

7E. Following Council discussion a **motion** was made by Wadsworth and seconded by Haile to approve the solicitation of bids for the installation of security cameras, recording equipment, and other related equipment for the Corcoran Area Transit buses contingent upon City Attorney review and approval of bid documents. Motion carried by the following vote:

AYES: 4 **NOES:** 0 **ABSENT:** 1 (Hanshaw)

7F. Following Council discussion a **motion** was made by Baltierra and seconded by Haile to authorize staff to prepare plans, specifications, bid documents, and solicit bids for the City of Corcoran Wastewater Treatment Expansion Project. Motion carried by the following vote:

AYES: 4 **NOES:** 0 **ABSENT:** 1 (Hanshaw)

7G. Following Council discussion a **motion** was made by Baltierra and seconded by Haile to approve and authorize Public Works Director to prepare plans, specifications, bid documents, and solicit bids for the City of Corcoran Water Treatment Expansion Project. Motion carried by the following vote:

AYES: 4 **NOES:** 0 **ABSENT:** 1 (Hanshaw)

7H. Following Council discussion a **motion** was made by Wadsworth and seconded by Baltierra to approve and authorize Public Works Director to prepare plans, specifications, bid

documents, and solicit bids for the City of Corcoran Sewer Collections System Expansion Project for additional capacity. Motion carried by the following vote:

AYES: 4 NOES: 0 ABSENT: 1 (Hanshew)

7I. Following Council discussion a motion was made by Wadsworth and seconded by Baltierra to approve the Cesar Chavez Park Improvements Project and award proposals to be paid from Impact Fee funds. Motion carried by the following vote:

AYES: 4 NOES: 0 ABSENT: 1 (Hanshew)

7J. Following Council discussion a motion was made by Wadsworth and seconded by Haile to approve the Park Project to be located in the pond basin adjacent to the Sierra Estates Subdivision and award proposals to be paid from Impact Fee funds. Motion carried by the following vote:

AYES: 4 NOES: 0 ABSENT: 1 (Hanshew)

8. MATTERS FOR MAYOR AND COUNCIL

A. Council received information items.

1. Venegas reported on Corcoran District Hospital loan payments.
2. Council was reminded about the City/County Coordinating meeting in Hanford on Thursday, December 2, 2010.
3. Council was informed about the Annual Christmas Parade and Tree Lighting Ceremony on Thursday, December 2, 2010.

B. There were no Staff referral items.

C. Committee reports.

9. CLOSED SESSION

At 6:41 p.m. council recessed to closed session pursuant to:

9A. CONFERENCE WITH REAL PROPERTY NEGOTIATOR(S) (Government Code § 54956.8). It is the intent of this governing body to meet in closed-session to confer with its real property negotiator concerning the purchase, sale, exchange, or lease of real property by or for this local agency as follows:

Property Description (Specify street address, or if no street address, the parcel number or other unique reference): APN: 034-170-005, 034-170-010, 034-170-012, 034-170-013, and 034-170-019

Our Negotiator: Ron Hoggard

Parties with whom negotiating: _____

Instructions to negotiator concerning: Price

The regular meeting was reconvened at 6:55 p.m. and Mayor Lerma reported that direction was given to negotiator regarding items 9A.

ADJOURNMENT



City Clerk

6:55 P.M.



Mayor

APPROVED DATE: December 6, 2010

Exhibit E



October 19, 2012

Ms. Joyce Venegas, Finance Director
City of Corcoran
832 Whitley Avenue
Corcoran, CA 93212

Dear Ms. Venegas:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Corcoran Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 4, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item No. 2 – Economic Development Services in the amount of \$38,685. No contract is in place for this item; therefore, this line item is not an enforceable obligation and is not eligible for Redevelopment Property Trust Fund (RPTTF) funding.
- Item No. 7 – Fire Services Contract in the amount of \$170,162. This is a contract between the City of Corcoran and the County of Kings. As the former redevelopment agency (RDA) is neither a party to the contract nor responsible for payment of the contract. Therefore, this line item is not an enforceable obligation and is not eligible for RPTTF funding.
- Item No. 9 – City Advance in the amount of \$80,407. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable. Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause this item to be enforceable in future ROPS periods.

Although Item No.3 was reclassified as administrative cost, the administrative cost allowance has not been exceeded.

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, you may request a Meet and Confer within five

business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$249,334 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 351,705
Less: Six-month total for items denied or reclassified as administrative cost	
Item 2	19,343
Item 3*	42,000
Item 7	127,621
Item 9	80,407
Total approved RPTTF for enforceable obligations	\$ 82,334
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	167,000
Total RPTTF approved:	\$ 249,334

*Reclassified as administrative cost

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%III%Forms%by%Successor%Agency/).

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

-Ms. Joyce Venegas
October 19, 2012
Page 3

Please direct inquiries to Belz Chappuie, Supervisor or Mindy Patterson, Lead Analyst at
(916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Kindon Meik, City Manager, City of Corcoran
Ms. Cassandra Mann, Property Tax Manager, Kings County Auditor Controller

Exhibit F

**2010-2015
UPDATED FIVE YEAR IMPLEMENTATION PLAN**

City of Corcoran
Redevelopment Agency

August 3, 2009

**SECTION V PROJECTED REVENUES AND EXPENDITURES TO
ADDRESS CONDITIONS OF BLIGHT**

General Redevelopment Fund

Tax Allocation Bonds

The Corcoran Redevelopment Agency tax increment of is primarily pledged to the payback of the Tax Allocation Bonds Series 2004 (the "2004 Bonds"). In September of 2004 the Redevelopment Agency authorized the issuance of the 2004 Bonds for the purpose of refunding the Agency's outstanding 1994 Bonds and providing approximately \$2 million for Agency programs and projects. The bonds also covered the costs of issuance, underwriter's discount, and funding a debt service reserve account and service amounts due for the first two years after issuance, freeing up annual tax increment revenues to pay ERAF and other Agency obligations. The bond proceeds will be available late in November of 2004. The capitalized interest account will be used to pay debt service amounts due for the first two years after issuance, freeing up annual tax increment revenues to pay ERAF and other Agency obligations.

Regional Accounting Office

The Department of Corrections Regional Accounting Office lease payments were used to pay back the Redevelopment Agency funds used to construct the building. The pay back of funds ended in 2004.

Business Park Avenue Project

The infrastructure improvements include street, curb, gutter and sidewalks at the Crown Industrial Park. A spee building is proposed for the site.

Contract with Kings County Economic Development Corporation (KCEDC)

The Redevelopment Agency contracts with the KCEDC to provide economic development assistance with industrial and commercial leads and marketing.

Corcoran Chamber of Commerce

The Redevelopment Agency assists in supporting the local Chamber of Commerce to keep businesses here in the community and attract new businesses. The Chamber sponsors several events during the course of the year for the benefit of the business community.

SECTION V

PROJECTED REVENUES AND EXPENDITURES
TO ADDRESS CONDITIONS OF BLIGHT

PROJECTS FUND AND GENERAL REDEVELOPMENT FUND

Projects Fund - Projected Revenues		2010-11	2011-12	2012-13	2013-14	2014-15
Source:		Year	Year	Year	Year	Year
Beginning Balance		118,687	118,837	75,834	44,161	47,927
Bond Proceeds		3,500,000				
Tax Increment		69,635	26,180	39,239	78,451	72,773
Balance Available		3,688,332	145,017	115,073	120,612	120,700
General Redevelopment Fund - Projected Expenditures		2010-11	2011-12	2012-13	2013-14	2014-15
Projects/Programs		Year	Year	Year	Year	Year
Marketing and Public Relations		67,495	69,183	70,912	72,666	74,502
Police Dept Headquarters		2,000,000	0	0	0	0
Future Project		1,500,000	0	0	0	0
Total		3,667,495	69,183	70,912	72,666	74,502
Balance		118,837	75,834	44,161	47,927	46,188

Table 1. Projected Revenues and Expenditures-General Fund

Exhibit G

AGREEMENT

THIS AGREEMENT (the "Agreement") is entered into this 1st day of SEPTEMBER, 1987, by and between the COUNTY OF KINGS (the "County") and the CORCORAN REDEVELOPMENT AGENCY (the "Agency").

Recitals

A. The City Council of the City of Corcoran (the "City Council") adopted and approved a certain Redevelopment Plan (the "Plan") for the Corcoran Industrial Sector Redevelopment Project (the "Project") by Ordinance No. 382 on July 20, 1981, as amended July 15, 1985, by Ordinance No. 414NS, and the County Board of Supervisors adopted and approved the Plan by County Ordinance No. 412 of July 20, 1981, as amended by Ordinance No. 445 of June 25, 1985.

B. Pursuant to the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.), the Agency is charged with the responsibility of carrying out the Plan for the Project in the Redevelopment Project Area (the "Project Area").

C. Pursuant to Article XVI, Section 16, of the California Constitution, Section 33670 et seq. of the Community Redevelopment Law and the Plan for the Project, increases in the assessed values of property within the Project Areas above

the sum of the assessed values as shown on the 1979-1980 and 1983-1984 equalized assessment roll, respectively (the "Base Year") will result in that portion of property taxes levied each year on such increases in assessed values or increases in the tax rate (the "Tax Increments" or "TI") being allocated and paid to the Agency to pay the principal of and interest on loans, monies advanced to or indebtedness incurred by the Agency to finance or refinance, in whole or in part, redevelopment of the Project and other requirements of the Community Redevelopment Law.

D. The Kings County Fire District (the "Fire District") qualifies for receipt of funds from the Agency.

E. The County and the Fire District, as taxing entities with territory located within the Project Area, have agreed and documented to their satisfaction and the satisfaction of the Agency, the extent of the financial burden or detriment caused to the County and the Fire District by the Project.

F. The County and the Fire District and the Agency agree to settle all arrangements between themselves arising from the adoption of the Plan by making and executing this Agreement.

Agreements

NOW, THEREFORE, THE COUNTY AND THE AGENCY AGREE AS FOLLOWS:

Section 1. The following terms shall have the meanings when used herein as set forth below:

"County Tax Increment Revenue Share" or "CTIRS": A portion of Tax Increments, less the OTR, that, but for the existence of the Redevelopment Project, would be received by the County and the Kings County Library District, but in no case to exceed 47.0% of the TI less the OTR including the FDTIRS.

"Fire District Tax Increment Revenue Share" or "FDTRS": A portion of Tax Increments, less the OTR, that, but for the existence of the Redevelopment Project, would be received by the Fire District, but in no case to exceed 7.0% of the TI less the OTR.

"Override Tax Increments" or OTR: The portion of tax increments which results from the part of the property tax levy that exceeds the 1.0% levy authorized by Article XIII A of the Constitution, and is attributable to an override of the tax rate necessary to retire outstanding bonds and other authorized obligations.

"Fiscal Year": Means the twelve month period beginning July 1 of any year.

Section 2. (a) The Agency agrees to waive its right to one hundred percent (100%) of the amount of the Fire

District Tax Increment Revenue Share payable to the Agency during the life of the Project commencing in Fiscal Year 1987-1988. The Agency's waiver of the FDTIRS shall remain in effect for the Agency's existence and the existence of the Project. Any payment to County of CTIRS and FDTIRS is subordinate to any Bonds of the Agency issued prior to sixteen years from the date of this Agreement as set forth in Section 5 herein.

(b) The Agency agrees to waive its rights to the County Tax Increment Revenue Share in the manner set forth below:

(i) The Agency will retain CTIRS funds until the total annual Tax Increments with respect to the Project are equal to or greater than \$500,000 in the respective Fiscal Year.

(ii) Any Tax Increments in excess of the above-referenced \$500,000 attributable to the CTIRS shall be waived by the Agency and shall be deemed to be received by the County.

(iii) Such amounts received by the County shall be first reduced by the FDTIRS.

(c) It is recognized that the County's Tax Increment Revenue Share could be changed by amendment to existing State law. In the event State law is amended to increase the County's Tax Increment Revenue Share, then the Agency shall waive its right to the monies representing such increase in the percentage of the County's Tax Increment Revenue Share over the County's Tax Increment Revenue Share immediately before such

change in the law (the "Increased Share") and such monies shall be paid to the County in accordance with this Agreement unless such Increased Share is paid to the Agency as provided in subsection (d) of this Section 2.

In the event State law is amended to decrease the County's Tax Increment Revenue Share, then the percentage of the County's Tax Increment Revenue Share shall be reduced proportionately.

(d) The County understands that when the Agency incurs long-term indebtedness (as defined below), the Agency must be able to project revenues to pay off such indebtedness on the basis of the Tax Increments and Override Tax Increments payable to the Agency at the time such indebtedness is incurred. Therefore, the County and the Agency agree that if the Agency desires to incur long-term indebtedness which is to be secured by the Tax Increments and Override Tax Increments, the Agency may project its Tax Increments and Override Tax Increments and incur such long-term indebtedness based upon the Agency's Tax Increments and Override Tax Increments resulting to the Agency under the terms of this Agreement at the time such indebtedness is incurred. If State law is amended to increase the CTIRS or the FDTIRS after the Agency has incurred long-term indebtedness for the redevelopment project, then the County agrees to subordinate its interest in the portion of the Tax Increments attributable to the Increased Share in order to allow the Agency to pledge such Increased Share as security for repayment of such long-term indebtedness. The Increased Share

shall be paid to the Agency to pay debt service only in accord with the terms and conditions set forth in Section 5. The Agency shall reimburse the County in full for any Increased Share paid to the Agency pursuant to the provisions of this subsection (d). Any Increased Share paid to the Agency shall be repaid by the Agency to the County as soon as funds are available for such purpose.

For purposes of this Agreement, "long-term indebtedness" means indebtedness of the Agency which is incurred for redevelopment project purposes and which is to be repaid over a period in excess of three years.

Section 3. In no event shall amounts subject to the foregoing waiver by the Agency exceed the amount that the County would have otherwise received from property taxes from the Project Area had the Plan not provided for the division of taxes required by Section 33670 of the Community Redevelopment Law.

Section 4. The Agency agrees that it shall not amend the Plan to (a) expand the existing Project Area; (b) extend the life of the Plan, or (c) increase the present limitation in the Plan on the amount of Tax Increments it may receive during the life of the Plan unless the County has given its prior written consent to such amendment and the Agency and the City of Corcoran otherwise comply with all requirements for the amendment of the Plan.

Section 5. The Agency intends to issue Bonds, as defined herein. For the purpose of this Agreement, Bonds shall

mean bond issues or other obligations which will be secured by the Tax Increments and Override Tax Increments received by the Agency, as defined herein, and which contains provisions which conform to the following conditions:

(a) Bonds shall mean any bonds, certificates of participation or other obligations of the Agency issued within sixteen years of the date of this Agreement. The Agency may issue bonds or other obligations after sixteen years from the date of this Agreement for which the County has not agreed to be subordinated at this time.

(b) At least forty-five (45) days prior to the sale of Bonds which benefit from subordination of the FDTIRS & CTIRS funds, the County shall have been given the opportunity to review documentation with respect to the Bonds which indicates that the proposed annual bond debt service is payable solely from funds of the Agency (which exclude those funds described in Section 2(a) and 2(b)(ii) of this Agreement).

(c) The County agrees not to unreasonably withhold approval for the subordination of its funds and to the issuance from time to time of Agency Bonds pursuant to this Section. Such approval shall be based solely on the standard set forth in Section 5(b) above.

(d) The Agency agrees to reimburse the County in full for any amounts retained by the Agency for purposes of this Section 5 which otherwise would have been received by the County. Such amounts shall be paid by the Agency to the County as soon as funds are available for such purpose.

Subject to the conditions set forth herein, the County agrees to subordinate receipt of County Tax Increment Revenue Share including the Fire District Tax Increment Revenue Share in order to allow the Agency to pledge this amount as all or a portion of the security for Bonds of the Agency.

Section 6. The waiver by the Agency provided for in this Agreement constitutes a voluntary relinquishment of a known legal right and the monies subject to such waiver shall be paid directly to the County by the County Treasurer-Tax Collector and shall not be considered to have been received by the Agency, constructively or otherwise. Such waiver and the monies that are subject to such waiver shall not be construed as a loan, advance or indebtedness within the meaning of Article XVI, Section 16 of the Constitution of the State of California and Section 33670 (a) and (b) of the California Health and Safety Code. Similarly, such waiver or such monies; shall not constitute a loan, advance or indebtedness within the meaning of Section 33675 of said Code for the purposes of filing a Statement of Indebtedness required therein, nor shall such waiver or such monies be deemed to be a loan, advance or indebtedness for any purpose, including Time limits, within the meaning of Section 33333.4 of said Code. In addition, the monies that are subject to the waiver provided for herein shall not count against the number of dollars of taxes which may be divided and allocated to the Agency within the meaning of Subsection (1) of said Section 33333.4 (a) of said Code.

Section 7. In the event any provisions in this Agreement are held invalid so that any or all the monies subject to the waiver are not paid to the County, the Agency agrees to pay the County's Tax Increment Revenue Share to the County pursuant to the authority in Section 33401 of the Health and Safety Code.

Section 8. The parties hereto agree that this Agreement shall supersede and control over that certain Agreement between the Corcoran Redevelopment Agency and the County of Kings, No. 85-063, dated June 25, 1985.

Section 9. Nothing in this Agreement shall relieve the Agency from the responsibility of annually filing a statement of indebtedness in accordance with Section 33675 of the Community Redevelopment Law. If this Agreement is held invalid, in whole or in part, the parties agree that each will take all necessary steps, including formal action and execution of documents, to make the payments of Tax Increments in the manner and according to the allocation and distribution contemplated in this Agreement.

Section 10. On or before September 15 of each fiscal year, the County Auditor-Controller shall use its best efforts to inform the Agency of the amount of Tax Increments the Auditor-Controller expects the Agency will receive in that fiscal year.

Section 11. The provisions of this Agreement shall remain in effect as long as the Agency is entitled to receive and does receive Tax Increments from the Project Area and until

all of the Agency's obligations under this Agreement have been discharged or satisfied.

Section 12. If any party fails to comply with its obligations under this Agreement, the prevailing party in any litigation arising from such failure shall be entitled to recover its attorneys' fees and costs.

Section 13. Upon execution, a copy of this Agreement shall be transmitted to the County of Kings Board of Supervisors, the County Auditor-Controller and the City Council.

IN WITNESS WHEREOF, the County and the Agency have entered into this Agreement as of the date first above written.

COUNTY OF KINGS

Date: SEPTEMBER 1, 1987

By [Signature]
CHAIRMAN OF THE BOARD OF SUPERVISORS
COUNTY OF KINGS, STATE OF CALIFORNIA

COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF CORCORAN

Date: September 8, 1987

By [Signature]
Chairman

By [Signature]
Secretary

"AGENCY"

COPY

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF KINGS, STATE OF CALIFORNIA

IN THE MATTER OF AUTHORIZING SUBORDINATION OF TAX INCREMENT REVENUES PURSUANT TO KINGS COUNTY AGREEMENT 87-069 WITH THE REDEVELOPMENT AGENCY OF THE CITY OF CORCORAN

RESOLUTION NO. 87-117

- Attached

WHEREAS, the County of Kings has entered into Agreement 87-069 with the Redevelopment Agency of the City of Corcoran regarding allocation of tax increment revenues; and

WHEREAS, such Agreement provides for the County to subordinate receipt of its tax increment revenue share or the revenue share of the Kings County Fire District to bonds issued by the Agency and to pledge such revenue share as all or a part of the security for such bonds of the Agency;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. Based upon the financial and statistical information provided by the Agency, the County hereby approves the subordination of tax increment revenues of the County and the Fire District pursuant to Section 5 of the Agreement and the pledge of said revenues as security for the Agency's proposed issuance of bonds in an amount not to exceed \$3.5 million.

2. The Chairman is authorized to execute any evidence of this subordination required by bond counsel for the City or the Agency.

The foregoing resolution was adopted upon motion by Supervisor HAMMOND, seconded by Supervisor FARUZZI at a regular meeting held NOVEMBER 10, 1987, by the following vote:

AYES: Supervisors HAMMOND, FARUZZI, KINNEY, MEIRELLES, BROWN
NOES: Supervisors NONE
ABSENT: Supervisors NONE

/s/ LESLIE K. BROWN
Chairman of the Board of Supervisors
County of Kings, State of California

WITNESS my hand and seal of said Board of Supervisors this 10TH day of NOVEMBER, 1987.

/s/ ROSIE MARTINEZ
Clerk of said Board of Supervisors

COUNTY COUNSEL

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>