CITY OF HUGHSON
SUCCESSOR AGENCY TO THE
HUGHSON REDEVELOPMENT AGENCY
SPECIAL MEETING

City Hall Council Chambers
7018 Pine Street, Hughson, CA

AGENDA
WEDNESDAY AUGUST 22, 2012 – 5:30 P.M.

CALL TO ORDER: Mayor Ramon Bawanan

ROLL CALL:
Mayor Ramon Bawanan
Mayor Pro Tem Matt Beekman
Councilmember Jill Silva
Councilmember George Carr
Councilmember Jeramy Young

Staff to be Present: Bryan Whitemyer, City Manager

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1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken)

At this time, members of the public may comment on any item not appearing on the Agenda, and within the subject matter jurisdiction of the Successor Agency to the Hughson Redevelopment Agency. Individual comments will be limited to a **maximum of 5 minutes** per person and each person may speak once during this time. Time cannot be yielded to another person. Under State Law, matters presented under this item cannot be discussed or acted upon at this time by the Successor Agency. The public will be invited to make comments on Agenda items when the item comes up for consideration. For record purposes, you must step up to the podium, state your name, and speak into the microphone when addressing the Successor Agency to the Hughson Redevelopment Agency.

2. PRESENTATIONS: None.

3. NEW BUSINESS:

3.1: Consideration of Resolution No. 2012-01, adopting the Recognized Obligation Payment Schedule (ROPS) and Related Administrative Budget Pursuant to ABx1 26 for January through June 2013.

ADJOURNMENT:

WAIVER WARNING

If you challenge a decision/direction of the Successor Agency to the Hughson Redevelopment Agency in court, you may be limited to raising only those issues you or someone else raised at a public hearing(s) described in this Agenda, or in written correspondence delivered to the City of Hughson at or prior to, the public hearing(s).

AMERICANS WITH DISABILITIES ACT/CALIFORNIA BROWN ACT NOTIFICATION FOR THE CITY OF HUGHSON

This agenda shall be made available upon request in alternative formats to persons with a disability; as required by the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132) and the Ralph M. Brown Act (California Government Code Section 54954.2).

Disabled or Special needs Accommodation: In compliance with the Americans with Disabilities Act, persons requesting a disability related modification or accommodation in order to participate in the meeting and/or if you need assistance to attend or participate in a City Council meeting, please contact the City Clerk's office at (209) 883-4054. Notification at least 48-hours prior to the meeting will assist the City Clerk in assuring that reasonable accommodations are made to provide accessibility to the meeting.

RULES FOR ADDRESSING CITY COUNCIL

Members of the audience who wish to address the City Council are requested to complete one of the forms located on the table at the entrance of the Council Chambers and submit it to the City Clerk. **Filling out the card is voluntary.**

AFFIDAVIT OF POSTING

DATE: August 21, 2012 **TIME:** 4:00p.m.

NAME: Dominique Spinale **TITLE:** Deputy City Clerk

SUCCESSOR AGENCY TO THE CITY OF HUGHSON REDEVELOPMENT AGENCY
AGENDA ITEM NO. 3.1
SUCCESSOR AGENCY STAFF REPORT

Date: August 22, 2012

To: Successor Agency to the City of Hughson Redevelopment Agency

From: Lisa Whiteside, Finance Manager

Subject: Adoption of Recognized Obligation Payment Schedule and Related Administrative Budget Pursuant to ABx1 26

RECOMMENDATION:

Adopt Resolution No. 2012-01 approving the Recognized Obligation Payment Schedule and related Administrative Budget for January through June 2013 pursuant to AB 1x 26.

BACKGROUND:

The Successor Agency to the Former City of Hughson Redevelopment Agency is required under AB 1x 26 to prepare and adopt Recognized Obligation Payment Schedule (ROPS) for the period of January 1, 2013 through June 30, 2013 (Attachment A). The Recognized Obligation Payment Schedules (ROPS) is required to document and monitor enforceable obligations to be paid by the former City of Hughson Redevelopment Agency. Enforceable Obligations include bond debt service, executed construction contracts and other types of contracts such as consultant services, agreements necessary for the continued administration of an agency such as the former Agency's annual obligation to reimburse the General Fund for staff support, and commitments to purchase equipment.

The ROPS is an accounting of the financial obligations pertaining to the Successor Agency during the wind down period of the dissolved City of Hughson Redevelopment Agency. Once the ROPS is approved, the County Auditor-

Controller's Office will use the ROPS for distributing tax revenues to the Successor Agency who will use these revenues to pay the enforceable obligations.

The Successor Agency is now responsible for administering the payments appearing on the ROPS, if approved by the Oversight Board, the approved ROPS will be submitted to the California Department of Finance and Stanislaus County Auditor-Controller's Office. Once it becomes effective, the ROPS will replace the previously adopted ROPS as the basis of future payments for January 1, 2013 through June 30, 2013.

CHANGES TO JANUARY TO JUNE 2013 ROPS:

On Wednesday, June 27, 2012 the State Legislature passed AB 1484, the redevelopment budget trailer bill, containing unconstitutional sales and property tax clawback or garnishment provisions. This legislation required successor agencies (cities) to pay its share of the December 2011 Property Tax distribution to the County Auditor-Controller by Thursday, July 12, 2012. The City received a payment demand letter from the Stanislaus County Auditor-Controller on Wednesday, July 11, 2012 indicating that the property tax revenue received by the Hughson Successor Agency exceeded the total enforceable obligations by $134,786. The letter explained that payment of this sum was due by Thursday, July 12, 2012 and failure to pay would cause the Successor Agency to be subject to a civil penalty of 10 percent (10%) of the amount owed plus one and one-half percent (1 ½%) of the amount owed each month the payments were not made. Additionally AB 1484 threatened to withhold future Sales Tax revenues if the payment was not made.

Facing significant penalties for non-payment City staff submitted payment to the County Auditor-Controller under protest. The funds were paid by the City as Successor Agency to the Hughson RDA using funds obtained from the City by way of a Loan Agreement.

The Successor Agency of the Hughson Redevelopment Agency approved the loan on July 23, 2012 (Attachment B). This loan agreement creates a new enforceable obligation that is now included on the January to June 2013 ROPS.

Attachments:

Exhibit I – Resolution 2012-01
Exhibit II – Successor Agency Staff Report and Loan Agreement 7-23-2012

EXHIBIT I

SUCCESSOR AGENCY TO THE
CITY OF HUGHSON REDEVELOPMENT AGENCY
RESOLUTION NO. 2012-01

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE CITY OF HUGHSON REDEVELOPMENT AGENCY ADOPTING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND RELATED ADMINISTRATIVE BUDGET PURSUANT TO ABX1 26

WHEREAS, the Successor Agency is now responsible for administering the payments appearing on the Recognized Obligation Payment Schedule ("ROPS"), subject to the approval of the Oversight Board of the Successor Agency to the City of Hughson Redevelopment Agency ("Oversight Board"), which is charged with approving a final ROPS and submitting it to the California Department of Finance and Stanislaus County Auditor-Controller's Office; and

NOW THEREFORE, BE IT RESOLVED that the Successor Agency to the City of Hughson Redevelopment Agency hereby approves the ROPS and Administrative Budget attached to this Resolution as Attachment A.

PASSED AND ADOPTED by the Successor Agency to the City of Hughson Redevelopment Agency at a meeting thereof held on August 22, 2012, by the following vote:

AYES:
NOES:
ABSTENTIONS:
ABSENT:

_____
RAMON BAWANAN, Chairperson

ATTEST:

_____
DOMINIQUE SPINALE, Secretary

ATTACHMENT A

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Filed for the January 1, 2013 to June 30, 2013 Period

Name of Successor Agency: City of Hughson serving as the Successor Agency to the Hughson Redevelopment Agency

		Total Outstanding Debt or Obligation
Outstanding Debt or Obligation		**$ 2,991,459**
Current Period Outstanding Debt or Obligation		**Six-Month Total**
A	Available Revenues Other Than Anticipated RPTTF Funding	**-**
B	Anticipated Enforceable Obligations Funded with RPTTF	**370,640**
C	Anticipated Administrative Allowance Funded with RPTTF	**-**
D	Total RPTTF Requested (B + C = D)	**370,640**
	Total Current Period Outstanding Debt or Obligation (A + B + C = E) *Should be the same amount as ROPS form six-month total*	**$ 370,640**
E	Enter Total Six-Month Anticipated RPTTF Funding *(Obtain from county auditor-controller)*	
F	Variance (E - D = F) *Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding*	**$ (370,640)**
Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))		
G	Enter Estimated Obligations Funded by RPTTF *(Should be the lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)*	
H	Enter Actual Obligations Paid with RPTTF	
I	Enter Actual Administrative Expenses Paid with RPTTF	
J	Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	-
K	**Adjusted RPTTF** *(The total RPTTF requested shall be adjusted if actual obligations paid with RPTTF are less than the estimated obligation amount.)*	**$ 370,640**

Certification of Oversight Board Chairman:
Pursuant to Section 34177(m) of the Health and Safety code,
I hereby certify that the above is a true and accurate Recognized
Obligation Payment Schedule for the above named agency.

Ramon Bawanan — Name
Chairman — Title

Signature

Date

Name of Successor Agency: City of Hughson serving as the Successor Agency to the Hughson Redevelopment Agency

County: Stanislaus County

Oversight Board Approval Date: _____

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III)
January 1, 2013 through June 30, 2013

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-13	Funding Source						
									LMIHF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other	Six-Month Total
	Grand Total						$ 2,991,459	$ 380,640	$ -	$ -	$ -	$ -	$ 370,640	$ -	$ 370,640
1	Series Fund Reimbursement	3/16/2006	10/1/2036	Union Bank of California	Downtown Streetscape Improvements		2,815,000.00	204,181.26					204,181		204,181
2	Series 2006 Refunding Tax Allocation Bonds	3/16/2006	10/1/2036	Union Bank of California	Admin Fee		1,978.00	1,978.00					1,978		1,978
3	Short Term Loan from the City of Hughson	7/23/2012		City of Hughson	Short Term Loan from the City of Hughson		138,155.65	138,155.65					138,156		138,156
4	Disclosure Services			Urban Futures	Continuing Disclosure Services		2,150.00	2,150.00					2,150		2,150
5	Statement of Indebtedness			Urban Futures	Statement of Indebtedness		675.00	675.00					675		675
6	Due Diligence Review			Moss, Levy & Hartzheim	Due Diligence Review		10,000.00	10,000.00					$ 10,000.00		10,000
7	Annual Audit			Moss, Levy & Hartzheim	Annual Audit		3,500.00	3,500					3,500		3,500
8	Contract for Legal Services			Neumiller & Beardslee	Legal Services		6,000.00	6,000					3,000		3,000
9	General Fund Reimbursement			Employees of Agency	Reimbursement to City's General Fund for personnel and overhead expenses provided on behalf of the agency.		14,000.00	14,000					7,000		7,000
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Successor Agency Contact Information

Name of Successor Agency:	City of Hughson serving as the Successor Agency to the Hughson Redevelopment Agency
County:	Stanislaus County
Primary Contact Name:	Lisa Whiteside, Finance Manager
Primary Contact Title:	
Address	P.O. Box 9 Hughson, CA 95326
Contact Phone Number:	209-883-4054
Contact E-Mail Address:	lwhiteside@hughson.org
Secondary Contact Name:	Bryan Whitemyer
Secondary Contact Title:	City Manager
Secondary Contact Phone Number:	209-883-4054
Secondary Contact E-Mail Address:	bwhitemyer@hughson.org

CITY OF HUGHSON AGENDA ITEM NO. 6.3
SECTION 6: NEW BUSINESS

Meeting Date: **July 23, 2012**
Subject: **Consider Resolution No. 2012-37 Ratifying a Short Term Loan from the City of Hughson to the Successor Agency of the Hughson Redevelopment Agency**

Presented By: **Bryan Whitemyer, City Manager**

Approved By: _____

RECOMMENDATION:

Consider Resolution No. 2012-38 Ratifying a Short Term Loan from the City of Hughson to the Successor Agency of the Hughson Redevelopment Agency.

BACKGROUND:

On June 15, 2011 the State Legislature passed ABX1 26 dissolving all redevelopment agencies across the state effective October 1, 2011. The California Redevelopment Association (CRA) filed suit and the implementation of AB x1 26 was suspended until the California Supreme Court could rule on the matter.

On December 29, 2011 the California Supreme Court ruled to uphold AB x1 26, the redevelopment elimination bill. This ruling established the dissolution date of redevelopment agencies as February 1, 2012. At that time the City decided to serve as the Successor Agency to the Hughson Redevelopment Agency and adopted the required Recognized Obligation Payment Schedule that documents the enforceable obligations of the former redevelopment agency. The Successor Agency is to receive sufficient funds to cover these obligations.

On Wednesday, June 27, 2012 the State Legislature passed AB 1484, the redevelopment budget trailer bill, containing unconstitutional sales and property tax clawback or garnishment provisions. This legislation required successor agencies (cities) to pay its share of the December 2011 Property Tax distribution to the County Auditor-Controller by Thursday, July 12, 2012. The City received a payment demand letter from the Stanislaus County Auditor-Controller on Friday, July 6, 2012 indicating that the property tax revenue received by the Hughson Successor Agency exceeded the total enforceable obligations by $106,776

(Attachment A). On Wednesday, July 11, 2012 the City received a revised demand letter ordering payment of $134,786 (Attachment B). Both letters demanded payment to the County Auditor-Controller by July 12, 2012 and indicated that the Successor Agency would be subject to a civil penalty of 10 percent (10%) of the amount owed plus one and one-half percent (1 ½%) of the amount owed each month the payments were not made. Additionally, AB 1484 threatens withholding future Sales Tax revenues if payment is not made.

City staff reviewed the provided documentation and disagreed with the amount of the demanded payment. The amount requested did not take into account the enforceable obligations that the Successor Agency paid between July 2011 and December 2011 for the debt service of a tax allocation bond, $132,065.63; grant writing consulting services, $2,085.00; and employee salary and benefit costs, $32,745.00. As a result, the Successor Agency did not have the funds to pay the required payment of $134,786.

City staff had several phone conversations and email exchanges with the Auditor-Controller's Office disputing the requested payment. The staff at the Auditor-Controller's Office was very helpful and listened to all of our complaints. However, at the end of the day they indicated that they were only enforcing the adopted legislation and that there was nothing that could be done to change the required payment.

Facing significant penalties for non-payment City staff submitted payment to the County Auditor-Controller under protest (Attachment C). The funds were paid by the City as Successor Agency to the Hughson RDA using funds obtained from the City by way of a Loan Agreement (Attachment D). Due to the urgency of the matter and the inability to call a special meeting of the Council before the July 12, 2012 deadline, the City Manager entered into the Loan Agreement with the Successor Agency to preserve the ability of the Successor Agency to repay the City for the loan of the funds.

LOAN TO THE SUCCESSOR AGENCY:

The Successor Agency does not have the cash to cover the $134,786 payment required by the State Department of Finance. AB 1484 enables the City to provide a loan to the Successor Agency to cover these costs. This loan will become an enforceable obligation of the Successor Agency and will be included on the Recognized Obligation Payment Schedule for January 2013 to June 2013. It is anticipated that the City will receive repayment of these funds during the 2013 calendar year.

Attachments:

Attachment A – July 6, 2012 Demand Letter
Attachment B – July 11, 2012 Demand Letter
Attachment C – July 12, 2012 Payment Under Protest Letter
Attachment D – July 12, 2012 Loan Agreement

Attachment A

AUDITOR-CONTROLLER

Lauren Klein, CPA
Auditor-Controller

1010 10TH Street, Suite 5100, Modesto, CA 95354
PO Box 770, Modesto, CA 95353-0770
Phone: 209.525.6398 Fax: 209.525.7507

choose civility

July 6, 2012

Bryan Whitemyer
City Manager
Hughson Successor Agency

Dear Mr. Whitemyer,

On June 27, 2012 the California State legislature passed AB 1484 related to the Dissolution Act of Redevelopment Agencies in California. Section 34183.5(b) of the legislation discusses the property tax revenue apportioned to Successor Agencies for the period January 1, 2012 through June 30, 2012. Due to the timing of the implementation of ABx1 26, The Dissolution Act, any residual values stemming from this apportionment was not distributed to the other taxing agencies in the former Redevelopment Area.

Section 34183.5(b)(2)(A) requires the County Auditor-Controller to submit a demand for payment to those Successor Agencies whose total property tax revenue for this time period exceeded the total enforceable obligations listed on the Recognized Obligation Payment Schedule as approved by the Department of Finance. This demand for payment must be submitted to those Successor Agencies affected by this section by July 9, 2012. Please consider this letter as meeting the requirement for the demand for payment.

The property tax revenue received by Hughson Successor Agency exceeded the total enforceable obligations by $106,776. The calculation of the amount due will be submitted with this notification as a separate document for your reference.

Per Section 34183.5(b)(2)(A) Successor Agencies are required to submit the amount demanded to the County Auditor-Controller by July 12, 2012. If a Successor Agency fails to submit this payment to the County Auditor-Controller by July 12, 2012 Section 34183.5(b)(2)(C) allows the Department of Finance or any affected taxing agency to file for a writ of mandate in the County of Sacramento only. The Successor Agency will also be subject to a civil penalty of 10 percent (10%) of the amount owed to taxing entities plus one and one-half percent (1 ½%) of the amount owed each month the payments are not made.

If you should have any questions please feel free to contact me at (209) 525-6576 or kleinl@stancounty.com.

Thank-you,

Lauren Klein

Lauren Klein, CPA
Auditor-Controller
Stanislaus County

Attachment B

AUDITOR-CONTROLLER

Lauren Klein, CPA
Auditor-Controller

1010 10TH Street, Suite 5100, Modesto, CA 95354
PO Box 770, Modesto, CA 95353-0770
Phone: 209.525.6398 Fax: 209.525.7507

July 11, 2012

Bryan Whitemyer
City Manager
Hughson Successor Agency

Dear Mr. Whitemyer,

This letter represents a revised version of the demand for payment sent to you dated July 6, 2012 regarding the requirement per AB 1484 to submit to my office any residual values generated by excess property tax revenue for the period January 1, 2012 through June 30, 2012.

The original residual amount for this period was calculated to be $106,776. Based upon the revised Recognized Obligation Payment Schedule submitted to my office on July 11, 2012 by the Finance Director of the City of Hughson the revised residual amount is now $134,786. The revised calculation of the amount due will be submitted with this notification as a separate document for your reference.

Per Section 34183.5(b)(2)(A) Successor Agencies are required to submit the amount demanded to the County Auditor-Controller by July 12, 2012. If a Successor Agency fails to submit this payment to the County Auditor-Controller by July 12, 2012 Section 34183.5(b)(2)(C) allows the Department of Finance or any affected taxing agency to file for a writ of mandate in the County of Sacramento only. The Successor Agency will also be subject to a civil penalty of 10 percent (10%) of the amount owed to taxing entities plus one and one-half percent (1 ½%) of the amount owed each month the payments are not made.

If you should have any questions please feel free to contact me at (209) 525-6576 or kleinl@stancounty.com.

Thank-you,

Lauren Klein

Lauren Klein, CPA
Auditor-Controller
Stanislaus County

Attachment C

OFFICE OF THE CITY MANAGER
7018 Pine Street, P.O. Box 9
Hughson, CA 95326
(209) 883-4054 Fax (209) 883-2638
www.hughson.org

Bryan Whitemyer
City Manager
bwhitemyer@hughson.org

July 12, 2012

Lauren Klein
Auditor Controller
1010 Tenth Street, Suite 5100
Modesto, CA 95354

Re: City of Hughson as the Successor Agency to the Hughson Redevelopment Agency – Payment Under Protest of Residual Payment

Notice of Payment of Residual Payment under Protest

The City of Hughson, as the Successor Agency to the Hughson Redevelopment Agency, respectfully submits this Notice of Protest and Statement of Objections to the California Department of Finance calculation and collection of the residual payment. This letter together shall serve as a formal protest and request for refund.

This Notice of Protest is submitted to assert and preserve all rights for relief from the disputed payment as provided by the Constitution and laws of the United States, and of the State of California, including the right to restitution or refund of fees or charges paid under protest or duress as recognized under the common law and in equity.

All payments of such disputed residual payments, charges, or fees which have been or may be tendered shall be deemed to be under protest and subject to the full reservation of all rights to seek reimbursement of the residual payment, fees or charges paid, invalidation of the enactments purporting to authorize such residual payment, fees, or charges and all other forms of relief against the imposition of such residual payment, fees or charges. Regulatory circumstances require that the disputed residual payment, fees or charges be paid and the same are tendered under protest to avoid delay, and as a result of economic compulsion and duress.

This Notice of Protest should also be deemed to constitute a request for administrative review or relief from payment of the disputed residual payment, fees, or charges if any, as well as a claim for prompt refund, restitution and reimbursement of all disputed residual payments, fees or charges paid, together with interest on such disputed residual payments, fees or charges as provided for law.

Request for Documentation

This letter also constitutes our request for copies of any and all documentation (including State rules, regulations, resolutions, notices, studies, evidence and analyses) relied upon by the Department of Finance to purportedly justify the imposition of the disputed residual payment, fees or charges.

Conclusion

We reserve the right to specify further grounds for protest of the disputed residual payment upon review of the State's documentation, and in light of developments in the law in this area.

We respectfully request that the State promptly review this Notice of Protest and process our request for relief from the disputed residual payment, fees, or charges and provide us with a written response to protest. We also request that you notify us in the event that there is any available process for appeal or administrative review through the State without resort to judicial remedies. We reiterate our request for the immediate return of all disputed residual payments, fees, or charges together with interest as provided by law.

Thank you for your prompt attention to this matter. Please contact the undersigned if you have any questions pertaining to this matter.

Very truly yours,

Bryan Whitemyer
City Manager
City of Hughson

SUCCESSOR AGENCY TO THE HUGHSON REDEVELOPMENT AGENCY
LOAN AGREEMENT AND PROMISSORY NOTE

This document, entitled Loan Agreement and Promissory Note (hereinafter "Agreement"), is made and entered into this 12th day of July, 2012, by and between the City of Hughson (hereinafter "City"), a general law city organized under the laws of the State of California, and the Successor Agency to the Hughson Redevelopment Agency (hereinafter "Successor Agency").

Recitals

WHEREAS, the Stanislaus County Auditor Controller ("Auditor") demanded payment of the $134,786.00 ("Payment") from the Successor Agency as a True Up Payment pursuant to AB 1484 on or before July 12, 2012 or the Successor Agency would be subject to egregious penalties, including, without limitation, a 10% penalty; and

WHEREAS, the Auditor provided very little notice of the demand in accordance with AB 1484, thus giving the Successor Agency no opportunity to call a meeting to arrange for a loan agreement with the City since the Successor Agency had insufficient funds to make the demanded payment; and

WHEREAS, the Auditor failed to provide timely information to support the calculation of the True-Up Payment before the July 12, 2012 payment deadline; and

WHEREAS, AB 1484 does not provide a procedure to object to the payment demand by the Auditor or procedure to address any errors in calculations of said payment, effectively forcing the Successor Agency into a situation where it was forced to pay the True-Up amount to avoid the egregious penalties under AB 1484; and

WHEREAS, the Successor Agency had no viable alternative other than to seek a loan from the City to make the July 12, 2012 Payment; and

WHEREAS, the Successor Agency anticipates either a return of the improperly collected True-Up payment or inclusion of the Payment in the next Recognized Obligations Payment Schedule ("ROPS") prior to the end of the 2012-2013 fiscal year; and

WHEREAS, City desires to loan the Payment to the Successor Agency to avoid the penalties that not only the Successor Agency would suffer due to a failure to make the Payment, but also the risk of the Payment amount being unlawfully extracted from the City's tax receipts as allowed in AB 1484 thereby jeapordizing the financial stability of the City during these difficult financial times; and

NOW, THEREFORE, the parties hereto agree as follows:

1. City shall loan to Successor Agency the sum of $134,786, which loan shall be made on July 12, 2012.

2. Successor Agency hereby promises to pay, to the order of City, at the times and in the installments hereinafter stated, for value received, the sum of specified in Exhibit "A", in payments as established in Exhibit "A".

3. Successor Agency hereby agrees that in the event of default in payment of any amount herein provided, the entire amount shall become due at the option of City. Principal and interest are payable in lawful money of the United States.

4. In case a suit instituted to collect this note, or any portion thereof, Successor Agency promises to pay such additional sum as the court may adjudge reasonable as attorney's fees in said suit.

5. Demand, presentment of payment, protest and notice of protest are hereby waived.

6. Payment may be made from any lawfully available funds of Successor Agency and as collateral security for payment by Successor Agency, of the principal sum, and the interest thereon, Successor Agency hereby assigns and transfers to City funds that the Successor Agency may receive or be entitled to receive.

7. Should said principal or sum and/or interest, or any part thereof, remain unpaid after it should have been paid, according to the terms of this agreement, the Successor Agency authorizes the City to encumber all funds and/or fees, as described in paragraph 6 hereof or any part thereof, with or without the previous demand or demands of performance of the terms of this agreement, and with or without previous notice to the Successor Agency of such encumbrance, and apply the proceeds thereof in payment of the costs and charges of such encumbrance, all interest due upon said note, and unpaid principal; the balance, if any, to be paid to City.

8. As a condition precedent to the duty of the City to make the loan specific herein, the City Council shall have approved this Agreement.

9. Any notice which may be required under this Agreement shall be in writing and shall be given by personal service, or by certified or registered mail, return receipt requested, to the City Manager for the City and the General Manager for the Successor Agency.

10. Each party agrees to do all such things and take all such actions, and to make, execute and deliver such other documents and instruments, as shall be reasonably necessary to carry out the provisions, intent and purpose of the Agreement.

11. This Agreement represents the entire Agreement of the parties with respect to the subject matter hereof. No representations, warranties, inducements or oral

agreements have been made by any of the parties except as expressly set forth herein, or in other contemporaneous written agreements.

12. This Agreement may not be changed, modified or rescinded except in writing, signed by all parties hereto, and any attempt at oral modification of this Agreement shall be void and of no effect.

13. The Agreement may not be assigned, transferred, hypothecated, or pledged by any party without the express written consent of the other party.

14. This Agreement shall be binding upon the successor(s), assignee(s), or transferee(s) of the Authority or as the case may be. This provision shall not be construed as an authorization to assign, transfer, hypothecate or pledge this Agreement other than as provided above.

15. Should any part of this Agreement be determined to be unenforceable, invalid, or beyond the authority of either party to enter into or carry out, such determination shall not affect the validity of the remainder of this Agreement which shall continue in full force and effect; provided that, the remainder of this Agreement can, absent the excised portion, be reasonably interpreted to give effect to the intentions of the parties.

16. This Agreement may be executed in one or more counterparts and shall become effective when one or more counterparts have been signed by all of the parties; each counterpart shall be deemed an original but all counterparts shall constitute a single document.

17. Time is and shall be of the essence of this Agreement and each and all of its provisions in which performance is a factor.

18. No remedy or election of remedies provided for in this Agreement shall be deemed exclusive, but shall be cumulative with all other remedies at law or in equity. Each remedy shall be construed to give the fullest effect allowed by law.

19. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of California.

20. The waiver by any party of any breach of any of the provisions of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of the same, or of any other provision of this Agreement.

21. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any third party, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third party to any party to this Agreement, nor

shall any provision of this Agreement give any third party any right of subrogation or action over or against any party to this Agreement.

22. Each party warrants to each other that it is fully authorized and competent to enter into this Agreement in the capacity indicated by the signature(s) below and agrees to be bound by this Agreement as of the day and year first mentioned above upon the execution of this Agreement by each other party.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement on the day and year first written above.

Dated: _____

SUCCESSOR AGENCY OF THE HUGHSON REDEVELOPMENT AGENCY

By: _____
Bryan Whitemyer
Manager

CITY OF HUGHSON

By: _____
Ramon Bawanan
Mayor, City of Hughson

ATTEST:

By: _____
Dominique Spinale
Deputy City Clerk, City of Hughson

APPROVED as to form:

By: _____
Daniel J. Schroeder
City Attorney, City of Hughson

EXHIBIT "A"

TOTAL LOAN SUM: $134,786.00

REPAYMENT SCHEDULE

Period Ending	**Beginning Balance**	**Interest @ 2.5 %**	**Payment**	**Ending Balance**
1/31/13	134,786.00	$3,369,65	$138,155.65	0.00