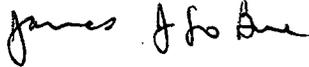


PLACER COUNTY
REDEVELOPMENT AGENCY

MEMORANDUM

TO: Honorable Members of the Redevelopment Agency Board
FROM: Thomas M. Miller, Director
James LoBue, Deputy Director 
DATE: November 23, 2010
SUBJECT: Loan of \$1,550,000 in Tax Increment Funds from the Sunset Industrial Project Area to the North Lake Tahoe Project Area

ACTION REQUESTED: Adopt a resolution authorizing a loan of \$1,550,000 in tax increment funds from the Sunset Industrial Project Area to the North Lake Tahoe Project Area for redevelopment of property at 229, 245 Fox Street, 8616, 8666, 8673, 8679, 8684, 8685 Salmon Avenue, and 8635, 8645, 8675, 8693, and 8697 North Lake Boulevard, Kings Beach.

BACKGROUND: In a separate item on your Board's agenda for November 23, 2010 is a proposed Loan Purchase Agreement with Umpqua Bank for properties owned by BB, LLC in Kings Beach. Through this agreement the Redevelopment Agency (Agency) would acquire an existing bank mortgage loan at a discounted price for the BB, LLC properties listed above in order to facilitate the completion of a proposed mixed-use redevelopment project on the BB, LLC properties. The cost to acquire the loans is \$2,800,000 plus closing costs not to exceed \$10,000.

On October 19, 2010, your Board approved a Loan Purchase Agreement for \$1,450,000 plus closing costs with Central Pacific Bank for other properties within the BB, LLC Kings Beach project site. At that meeting your Board also approved a \$1,450,000 loan of Sunset Industrial Redevelopment Project Area (Sunset Area) commercial tax increment funds to the North Lake Tahoe Redevelopment Project Area (North Tahoe) in order to facilitate purchase of the bank loans. Acquiring the Umpqua Bank loan, in addition to the Central Pacific Bank loans, would place the Agency as the first mortgage lien holder over the entire BB, LLC Kings Beach Town Center mixed-use project site.

Although the proposed BB, LLC Kings Beach Town Center mixed-use project is considered a high priority project for the Agency, and the loan purchase is considered necessary to keep the project implementation moving forward, there are insufficient commercial tax increment funds available in North Tahoe to cover the cost of the proposed loan purchase. A limited amount of North Tahoe tax allocation bond proceeds are eligible for this purpose because the bond is tax exempt and all but five percent of the total proceeds must be used for publicly-owned facilities. A significant contributor to the Agency's relative shortage of available North Tahoe commercial tax increment revenue is the State of California's Supplemental Education Revenue Augmentation Fund (SERAF). Through this program the State of California has taken approximately \$2,750,000 of North Tahoe commercial tax increment funds over the past two fiscal years.

The Agency is currently holding a reserve of approximately \$2,715,000 of commercial tax increment funds in the Sunset Area budget. Although the Agency has committed to assisting the development of transportation facilities and other needed infrastructure improvements in the Sunset Area, the programmed projects will not need these funds in the near future and the Sunset Area reserve is growing. With the proposed loan the Sunset Area would be left with sufficient available funds to carry out current redevelopment programs and activities. The Agency Final Budget for Fiscal Year 2010-2011, which assumes completion of the loan proposed herein, indicates an estimated \$359,973 in commercial tax increment funds will remain in the Sunset Area reserve as carryover for next fiscal year.

It is proposed that \$1,550,000 of commercial tax increment funds from the Sunset Area be loaned to North Tahoe in order to cover the immediate fiscal needs of the North Tahoe Redevelopment program. The term of the loan would be five years, although the Agency would be able to advance loan payments sooner, if North Tahoe funds were available and the Sunset Area had more immediate need for the funds. Loan interest would accrue at a rate equal to the average Placer County Investment Pool rate applicable to the preceding four calendar quarters.

ENVIRONMENTAL STATUS: The action requested is an activity taken in furtherance of the Redevelopment Plan for North Tahoe, for which an environmental impact report was prepared and certified pursuant to the California Environmental Quality Act (CEQA). Therefore, no further environmental review is required for these actions (CEQA Guidelines Section 15180).

FISCAL IMPACT: The proposed action is to loan \$1,550,000 of Sunset Area tax increment funds to North Tahoe for redevelopment uses in North Tahoe. There are adequate available funds budgeted in the Sunset Area budget to cover the proposed transfer. There will be no impact to the County General Fund.

Attachments: Resolution

cc: Karin Schwab, Agency Counsel

**Before the Redevelopment Agency of
Placer County Board of Directors
State of California**

In the matter of:

Authorizing a loan of \$1,550,000 of tax increment funds from
the Sunset Industrial Redevelopment Project Area to the North
Lake Tahoe Redevelopment Project Area

Resol. No:.....

Ord. No:.....

First Reading:

The following Resolution was duly passed by the Redevelopment Agency Board
of the County of Placer at a regular meeting held _____,

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:
Clerk of said Board

Chair, Agency Board

WHEREAS, the Placer County Redevelopment Agency (Agency) is a redevelopment agency formed, existing, and exercising its powers pursuant to California Health and Safety Code Section 33000 *et seq.* (Community Redevelopment Law);

WHEREAS, the County of Placer (County) and the Agency established the Sunset Industrial Redevelopment Project Area (Sunset Industrial Project Area) pursuant to a redevelopment plan approved and adopted by the County Board of Supervisors on June 24, 1997 by Ordinance No. 4835-B (as subsequently amended, Sunset Industrial Redevelopment Plan);

WHEREAS, the County and the Agency established the North Lake Tahoe Redevelopment Project Area (North Lake Tahoe Project Area) pursuant to a redevelopment plan approved and adopted by the County Board of Supervisors on July 16, 1996 by Ordinance No. 4753-B (as subsequently amended, the North Lake Tahoe Redevelopment Plan);

WHEREAS, the Agency desires to make a loan of funds in the amount of One Million Five-hundred Fifty Thousand Dollars (\$1,550,000) (Loan) from the Sunset Industrial Project Area to the North Lake Tahoe Project Area to assist in the redevelopment of the property located at 229, 245 Fox Street, 8616, 8666, 8673, 8679, 8684, 8685 Salmon Avenue, and 8635, 8645, 8675, 8693, and 8697 North Lake Boulevard, Kings Beach, CA (Property);

WHEREAS, the Agency's governing board has determined that redevelopment of the Property will assist in the elimination of blight in the North Lake Tahoe Project Area and will be consistent with the North Lake Tahoe Redevelopment Plan and the Implementation Plan adopted in connection therewith;

WHEREAS, the Agency's governing board has further determined that the making of the Loan will not impair the Agency's ability to carry out the redevelopment plan for the Sunset Industrial Project Area;

WHEREAS, the obligations of the North Lake Tahoe Project Area shall constitute an indebtedness of the Area within the meaning of Section 33670 of the Community Redevelopment Law; and

WHEREAS, the Agency has determined that the North Lake Tahoe Project Area will generate sufficient revenue to enable the Loan to be repaid by not later than the Maturity Date specified in Section 4 below.

NOW, THEREFORE BE IT RESOLVED, in consideration of the foregoing recitals and the mutual covenants and conditions set forth in this resolution the Agency hereby authorizes the loan of \$1,550,000 of commercial tax increment funds from the Sunset Industrial Redevelopment Project Area to the North Lake Tahoe Redevelopment Project Area, subject to the following terms and conditions:

1. This authorization shall govern the disbursement, use, and repayment of the Loan from the Sunset Industrial Project Area to the North Lake Tahoe Project Area.
2. The Agency agrees to fund the Loan to the North Lake Tahoe Project Area using tax increment revenue from the Sunset Industrial Project Area.
3. The Loan shall bear interest as follows: on each June 30 during the term of the Loan, interest shall accrue on the outstanding balance at a rate equal to the average Placer County Investment Pool rate applicable to the immediately preceding four (4) calendar quarters.
4. The outstanding principal balance of the Loan together with accrued interest shall be due and payable on the date (Maturity Date) which is the fifth (5th) anniversary of the Effective Date of the Loan. To the extent that funds are available prior to the

Maturity Date, in the Agency's discretion, tax increment revenue accruing to the North Lake Tahoe Project Area may be used to make periodic payments to the Sunset Industrial Project Area to pay down the outstanding balance of the Loan.

5. If the Agency issues bonds secured by tax increment revenue generated by the North Lake Tahoe Project Area, the obligation to repay the Loan shall be subordinate to the obligation to pay debt service on such bonds.
6. The Loan proceeds may be used solely for assisting the redevelopment of the Property and related purposes consistent with California Community Redevelopment Law and the North Lake Tahoe Redevelopment Plan.

BE IT FURTHER RESOLVED that the Redevelopment Agency Director or designee is authorized to take other actions as necessary to issue the loan.

BE IT FURTHER RESOLVED that this resolution shall become effective upon adoption.

