

RESOLUTION NO. 2016-02 OB

**A RESOLUTION OF THE OVERSIGHT BOARD
MAKING A FINDING THAT LOANS ENTERED INTO BY AND
BETWEEN THE FORMER REDEVELOPMENT AGENCY OF THE
CITY OF GALT AND THE CITY OF GALT WERE FOR
LEGITIMATE REDEVELOPMENT PURPOSES PURSUANT TO
HEALTH AND SAFETY CODE SECTION 34191.4(b)(1)**

WHEREAS, the former Redevelopment Agency of the City of Galt (“Agency”) was a redevelopment agency formed, existing and exercising its powers pursuant to California Community Redevelopment Law, Health and Safety Code (“HSC”) Section 33000 et. seq. until abolished by operation of law on February 1, 2012; and

WHEREAS, the City of Galt elected to become the Successor Agency to the Redevelopment Agency of the City of Galt (“Successor Agency”) on January 17, 2012 and in fact became the Successor Agency effective February 1, 2012, and pursuant to Health and Safety Code Section 34173(g), the Successor Agency is a separate public entity from the City; and

WHEREAS, prior to the dissolution of redevelopment, the City Council (“City Council”) of the City of Galt (“City”) adopted and amended, from time to time, the Redevelopment Plan (the “Redevelopment Plan”) for the Galt Redevelopment Project (the “Project Area”); and

WHEREAS, in keeping with the goals of the Agency to eliminate blight in the Project Area in accordance with the Redevelopment Plan and the Agency’s Implementation Plan (“Implementation Plan”), the City and Agency worked cooperatively regarding the development of certain public improvements in the Project Area; and

WHEREAS, the City and/or the Agency previously entered into transactions whereby the City undertook activities, incurred costs, waived fees, paid funds, or loaned money on behalf of the Agency, and whereby the Agency agreed to repay the cost of such activities to the City, or the amount of such funds paid or moneys loaned; and

WHEREAS, the Agency and the City entered into a Loan Consolidation Agreement on May 3, 2011 (“2011 Loan Consolidation”) in order to restate and consolidate the debt owed to the City by the Agency, establish a structured payment plan and schedule, and to amend certain provisions of the previously mentioned transactions (attached hereto as Exhibit “A”); and

WHEREAS, the Agency and the City entered into a loan agreement on February 5, 2008 and November 18, 2008 as evidenced by Agency Resolutions 2008-2R and 2008-10R that assisted CFY Development with the acquisition and construction of Galt Place, a senior affordable housing project (“Loan LMIH”, attached hereto as Exhibit “B”); and

WHEREAS, the Oversight Board adopted Resolution No. 2012-07 OB on June 28, 2012 approving the 2011 Loan Consolidation and Loan LMIH and authorized the Successor Agency to re-enter into such loan agreements with the City; and

WHEREAS, the Successor Agency wishes to repay the 2011 Loan Consolidation and the Loan LMIH (collectively referred to as the “City Loans”) through the Recognized Obligation Payment Schedule (“ROPS”) process; and

RESOLUTION NO. 2016-02 OB
PAGE 2 OF 2

WHEREAS, in accordance with HSC Section 34191.4(b), upon receiving a finding of completion by the Department of Finance (“DOF”), loan agreements entered into between a redevelopment agency and the city that created it shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loans were for legitimate redevelopment purposes; and

WHEREAS, the Successor Agency received a finding of completion from DOF on December 8, 2015; and

WHEREAS, the Oversight Board desires to make a finding of legitimacy on the redevelopment purpose of the City Loans.

NOW, THEREFORE, THE OVERSIGHT BOARD DOES HEREBY RESOLVE AS FOLLOWS:

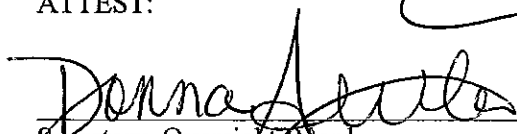
1. The Oversight Board hereby finds that the City Loans, attached hereto as Exhibits “A” and “B”, were for legitimate redevelopment purposes pursuant to HSC Section 34191.4(b)(1). This finding is based on the information and evidence set out in the Oversight Board staff report dated 1/21/16.
2. The Oversight Board approves repayment of the City Loans by placing them as enforceable obligations on the ROPS.
3. The Oversight Board authorizes Successor Agency staff to calculate an estimated repayment schedule for the City Loans for placement on the ROPS, and amend it from time to time in recognition that the annual maximum repayment amount cannot be determined until the completion of the prior fiscal year based on the formula mandated by HSC Section 34191.4(b)(2).

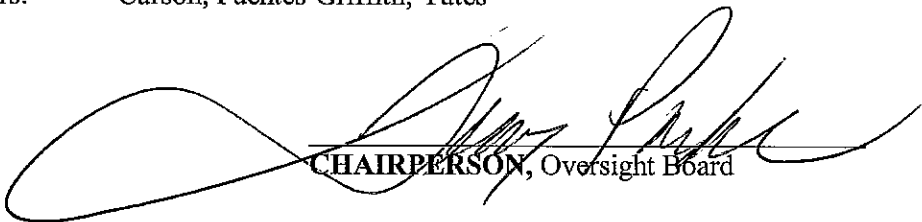
The Oversight Board Secretary shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

PASSED AND ADOPTED by the Board this 21 day of January 2016, upon a motion by Board Member Ebner, seconded by Board Member Schauer of the Successor Agency by the following vote, to wit:

AYES: Board Members: Ebner, Lucido, Schauer, Parker
NOES: Board Members:
ABSTAIN: Board Members:
ABSENT: Board Members: Carson, Puentes-Griffith, Yates

ATTEST:


Secretary, Oversight Board


CHAIRPERSON, Oversight Board

**LOAN CONSOLIDATION AGREEMENT BETWEEN THE
REDEVELOPMENT AGENCY OF THE CITY OF GALT AND
THE CITY OF GALT**

This Loan Consolidation Agreement (this "Agreement") is entered into effective as of May 3, 2011 ("Effective Date") by and between the Redevelopment Agency of the City of Galt, a public body corporate and politic ("Agency") and the City of Galt, a municipal corporation ("City"). The Agency and the City are hereinafter collectively referred to as the "Parties."

RECITALS

A. Pursuant to authority granted under Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq.*) ("CRL"), the Agency has responsibility to implement the redevelopment plan for the Galt Redevelopment Project (the "Project Area") established by the Redevelopment Plan adopted for the Project Area pursuant to Ordinance No. 83-10, adopted on June 7, 1983 (and as subsequently amended from time to time, hereafter the "Redevelopment Plan").

B. Pursuant to Section 33220 of the CRL, any public body is authorized to enter into an agreement with the Agency for the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of redevelopment projects located within the jurisdiction in which such public body is authorized to act, upon the terms and with or without consideration as such public body determines.

C. The City and/or the Agency have previously entered into the following transactions, whereby the City has undertaken activities, incurred costs, waived fees, paid funds or loaned money (collectively referred to herein as the "Loan") on behalf the Agency, and whereby the Agency has agreed to repay to the City the cost of such activities, or the amount of such funds paid or moneys loaned:

1. Sewer Note Loan. City loan to the Agency from the City of Galt Capital Improvements Sewer Fund, for the completion of the Street Improvement Program, pursuant to Agency Resolution No. 86-01R, dated July 15, 1986, with a current balance of \$366,645.26, and with accrued interest in the amount of \$821,073.24.
2. KMS Industrial Park Project. Agreement to Conditionally Waive Payment of Certain Building Permit Fees between the City and the Agency for Development within the Galt Industrial Park, dated February 3, 1999, with a current balance of \$1,443,002.06, and with accrued interest in the amount of \$249,630.63.
3. Library Project. Agreement between the City and the Agency relative to the Marian O. Lawrence Library, dated December 29, 1993, and relating the City provision of construction funds, with a current balance of \$536,619.67, and with accrued interest in the amount of \$480,474.49.

4. Cardinal Glass Project. Owner Participation Agreement between the Agency and Wilcox & Associates, dated October 6, 1998; as amended by First Amendment, dated December 8, 1998; as amended by Second Amendment, dated July 1, 1999; and assigned to Cardinal IG Company, a Minnesota corporation, providing for City waiver of Cardinal Glass fees, with a current balance in the amount of \$109,921.58, with accrued interest in the amount of \$41,595.07.
5. Boys & Girls Club Loan. A loan to assist in the construction of a Boys & Girls Club, made on or about October 15, 1991, as evidenced by City Resolution No. 91-174, with a current balance in the amount of \$100,000.00, and with accrued interest in the amount of \$42,735.00.
6. Galt Plaza Project – Fee Waiver. A fee waiver provided in support of the Galt Plaza project, made on or about August 10, 1990 pursuant to City Resolution No. 90-146 and Agency Resolution 90-13R, and reaffirmed in the First Amended and Restated Agreement between the City and the Agency, dated March 12, 1991, with a current balance in the amount of \$302,612.76 with accrued interest in the amount of \$55,053.03.
7. Galt Plaza Project – Storm Drain. Funds expended for storm drain improvements in support of the Galt Plaza project, made on or about March 15, 1991, as evidenced by City Resolution No. 91-16 and the Agreement for Advanced Funding and Reimbursement of the City of Galt Pertaining to the Proposed Galt Middle School Redevelopment Project, between the City and LCB Ventures, dated March 15, 1991, with a current balance in the amount of \$109,228.92, and with accrued interest in the amount of \$21,826.12.
8. Cosumnes CSD Loan. An internal note to repay the City for fire impact fee waivers granted, which were in turn paid to the Cosumnes CSD, made on or about November 4, 2008 and evidenced by City Resolution No. 2008-103, with a current balance in the amount of \$409,194.89 with accrued interest in the amount of \$4,195.70

The agreements, resolutions and other documents referenced hereinabove are incorporated into this Agreement as though fully set forth herein. A summary of the above transactions, principal balance and accrued interest, is set forth in Exhibit A, which is attached hereto and incorporated herein.

D. The current balance of the Loan from the City to the Agency, for or in support of those transactions referred above in Recital C, is FIVE MILLION NINETY THREE THOUSAND EIGHT HUNDRED AND EIGHT DOLLARS AND FORTY TWO CENTS (\$5,093,808.42).

E. The Parties desire to enter into this Agreement in order to restate and consolidate the debt owing to the City by the Agency; establish a structured payment plan and schedule; and to amend certain provisions of the transactions listed above in Recital C.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and promises herein contained, the Parties hereby agree as follows.

1. Term. The term of this Agreement shall commence on the Effective Date, and shall continue in effect until such time as the Agency has repaid to the City the full amount of the Revised Loan, including any interest thereon. The Agency and the City hereby agree that the Revised Loan and any accrued interest thereon shall be paid in full to the City on or before June 30, 2035.
2. Consolidation and Reduction of Loan.
 - A. The Agency and the City agree to consolidate the amounts owed by the Agency to the City pursuant to the transactions identified in Recital C above, which amount is FIVE MILLION NINETY THREE THOUSAND EIGHT HUNDRED AND EIGHT DOLLARS AND FORTY TWO CENTS (\$5,093,808.42), including accrued interest, and referred to herein as the "Loan."
 - B. The Agency and the City further agree to amend the interest rate applicable to the Sewer Note Loan, referred to in Recital C, paragraph 1, above, from ten percent (10%) to the average annual Local Agency Investment Fund ("LAIF") rate, and to retroactively apply such amendment, such that the accrued interest on the Sewer Note Loan is reduced to \$120,819.00.
 - C. The Agency and the City further agree to amend the interest rate applicable to the Galt Plaza building permit fee waiver agreement, from ten percent (10%) to the average annual LAIF rate, and to retroactively apply such amendment, such that the accrued interest on the Galt Plaza building permit fee waiver agreement is reduced to \$55,053.03.
 - D. The revised and consolidated loan amount owed by the Agency to the City, after taking into account the amendment of the interest rate applicable to the Sewer Note Loan and the Galt Plaza building permit fee waiver agreement, is FOUR MILLION THREE HUNDRED NINETY THREE THOUSAND FIVE HUNDRED FIFTY-FOUR DOLLARS AND EIGHTEEN CENTS (\$4,393,554.18) ("Revised Loan").
3. Agency to Repay Revised Loan.
 - A. The estimated annual payment from the Agency to the City is \$213,000, but will vary depending upon the interest rate. On or about June 1st of each year, the City Finance Director shall compute the actual payment owed by the Agency to the City, adding accrued interest for the prior year, and shall notify the Agency of the annual payment due on or before June 30th.
 - B. The first payment of the Revised Loan shall be due on or before June 30, 2012, and annual payments shall be due on June 30th thereafter, with the final payment due on or before June 30, 2035.
 - C. Every five (5) years on or about July 1st, the City Finance Director shall provide a report to the Agency Board and the City Council on the status of Revised Loan. Such report shall include the amounts paid to date by the Agency, the balance of the Revised Loan, and the estimated annual payments for the remaining term of the loan. The first report shall be provided on or about July 1, 2017.

4. Interest. The outstanding balance of the Loan shall accrue interest at the average interest rate as earned by the City on its investments (LAIF and securities), which rate is estimated to be 1% for the fiscal year ending June 30, 2011. Such interest rate shall be determined annually and applied to the outstanding balance of the Loan, and reported on the Agency's annual Statement of Indebtedness.
5. Indebtedness. The obligations of the Agency to make payment to City pursuant to this Agreement shall constitute an indebtedness of the Agency within the meaning of Article XVI, Section 16 of the California Constitution and CRL Section 33670, and shall be payable from tax increment paid to the Agency pursuant to Article XVI, Section 16 of the California Constitution and CRL Section 33670 or from any other source legally available to the Agency for such payment, and shall constitute an indebtedness of the Agency until paid in full. The Agency shall include its obligations to the City under this Agreement as an indebtedness on the Agency's statement of indebtedness filed with the County Auditor pursuant to CRL Section 33675.
6. Subordination. The obligations of the Agency to make payments to City pursuant to this Agreement shall be subordinate to any obligation of the Agency to pay debt service on bonds heretofore or hereafter issued by the Agency and to pay any other contractual indebtedness of the Agency incurred prior to the date of this Agreement.
7. Accord and Satisfaction. This Agreement is intended to be an accord and satisfaction of the agreements identified in Recital C above. The obligations of the Agency under this Agreement are hereby substituted for such prior agreements, and such prior agreements are hereby discharged, and the obligations of the Agency in such agreements are deemed to be settled and fully satisfied.
8. Severability. If any term, provision, covenant, or condition set forth in this Agreement is held by the final judgment of a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions, covenants, and conditions shall continue in full force and effect to the extent that the basic intent of the Parties as expressed herein can be accomplished. In addition, the Parties shall cooperate in good faith in an effort to amend or modify this Agreement in a manner such that the purpose of any invalidated or voided provision, covenant, or condition can be accomplished to the maximum extent legally permissible.
9. No Third-Party Beneficiaries; Assignments. Nothing in this Agreement is intended to create any third-party beneficiaries to the Agreement, and no person or entity other than the Agency and the City, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.
10. Further Assurances. Each Party agrees to execute, acknowledge and deliver all additional documents and instruments, and to take such other actions as may be reasonably necessary to carry out the intent of the transactions contemplated by this Agreement.
11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

EXHIBIT A

12. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

13. Amendments. This Agreement may be modified or amended, in whole or in part, only by an instrument in writing, executed by the Parties.

14. Recitals. The Recitals set forth above are hereby incorporated into this Agreement as though fully set herein.


15. Exhibits. Exhibit A attached hereto is hereby incorporated into this Agreement by reference.

SIGNATURE PAGE FOLLOWS

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

CITY:

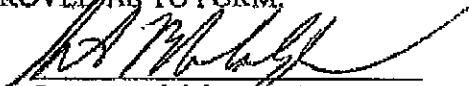
**CITY OF GALT,
a municipal corporation**

By: 
Jason Behrmann
Title: City Manager

ATTEST:

By: 
Elizabeth Aguire, City Clerk

APPROVED AS TO FORM:


By: 
Steven Rudolph, City Attorney

AGENCY:

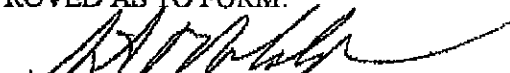
**REDEVELOPMENT AGENCY
OF THE CITY OF GALT,
a public body, corporate and politic**

By: 
Jason Behrmann
Title: Executive Director

ATTEST:

By: 
Elizabeth Aguire, Agency Secretary

APPROVED AS TO FORM:

By: 
Steven Rudolph, Agency Counsel

**EXHIBIT B
LOAN LMIH**

Attached as a separate document

RESOLUTION NO. 2008-02R

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE REDEVELOPMENT AGENCY OF THE CITY OF GALT, CALIFORNIA,
APPROVING A LOAN AGREEMENT AND REGULATORY AGREEMENT BETWEEN THE
REDEVELOPMENT AGENCY OF THE CITY OF GALT AND CFY DEVELOPMENT, INC.
FOR THE ACQUISITION AND CONSTRUCTION OF AN AFFORDABLE SENIOR HOUSING
MIXED USE PROJECT IN THE CITY OF GALT REDEVELOPMENT PROJECT AREA**

WHEREAS, the Redevelopment Agency ("Agency") of the City of Galt is required to set aside 20% of its Tax Increment Funds to increase, improve and preserve housing affordable to very-low, low and/or moderate income persons in the community; and

WHEREAS, the developer, CFY Development, Inc. has approached the Agency seeking a \$2,500,000 loan to assist in the acquisition and construction of Galt Place (the "project") an affordable mixed use senior housing project; and

WHEREAS, the loan agreement between the City of Galt and the Galt Redevelopment Agency is not considered a project under Section 15378 (b) (4) of the California Environmental Quality Act; and

WHEREAS, the Redevelopment Agency of the City of Galt has requested a \$1,275,000 loan from the City of Galt to the Low Moderate Income Housing Fund to assist in providing a \$2,500,000 loan to CFY Development, Inc. for the acquisition and construction of Galt Place, an affordable senior housing mixed use project and agrees to repay the City the principle amount plus reasonable interest under terms and conditions as set forth in the attached agreement (Exhibit B); and

WHEREAS, the Agency has received and reviewed all documents, including loan documents and developer agreements (Exhibit A) between the Redevelopment Agency of the City of Galt and CFY Development, Inc. relating to the \$2,500,000 loan for the development of an affordable mixed use senior housing building; and

WHEREAS, the Loan Agreement and Regulatory Agreement (Exhibit A) are consistent with the City of Galt Redevelopment Plan and City General Plan. The Loan Agreement and Regulatory Agreement will specifically further the attainment of the following Redevelopment Plan goals: (1) the construction of affordable senior apartments would be an asset to the City of Galt by providing new construction in the City's Redevelopment Area and downtown; and (2) providing 80 restricted rental units for seniors in the Extremely Low, Low and/or Very Low income category which will support the City's housing goals and meet Redevelopment Area goals.

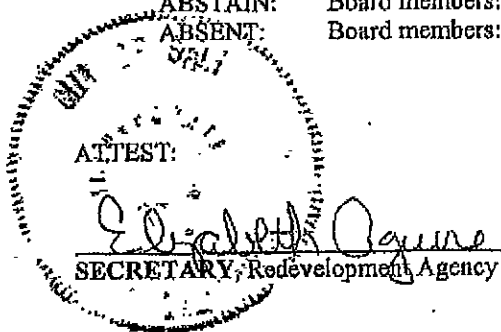
NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the Redevelopment Agency of the City of Galt, California, that

1. Approval of the loan agreement between the Galt Redevelopment Area and City of Galt is not a project under the California Environmental Quality Act, pursuant to Section 15378 (b) (4), as the funding mechanism is a loan, and the Galt Place mixed use affordable senior housing project will not result in potentially significant physical impacts on the environment, as supported in the preceding staff report evaluation of the project under Section 15332 of the California Environmental Quality Act.
2. That the Executive Director is hereby authorized to execute necessary loan documents and such other documentation in order to secure a loan from the City of Galt in the amount of \$1,275,000, (Exhibit B)

3. The Agency hereby agrees to repay the City of Galt \$1,275,000 including reasonable interest and under terms and conditions set forth by the City of Galt.
4. The Agency hereby authorizes a loan to CFY Development, Inc. in an amount not to exceed \$2,500,000 from Redevelopment Agency Low/Mod Housing Set-aside Funds to assist CFY Development, Inc. in the acquisition and construction of the affordable senior portion of the Galt Place project only, subject to the terms and conditions set forth in Section 2, below and Loan Agreement (Exhibit A).
5. The Executive Director is hereby authorized and directed, in consultation with Agency Counsel, to prepare and enter into a loan agreement, affordable housing covenant, and all other agreements and documents as are necessary to provide the Agency loan to CFY Development, Inc. subject to the following terms and conditions:
 - a. The Agency loan shall not exceed \$2,500,000, to be funded from the Agency's Low/Mod Housing Set-aside Funds;
 - b. The Agency loan shall be repaid, with simple interest at the rate of 3% per annum. Annual payments shall be made from residual receipts from the project, with the entire remaining outstanding balance due in 55 years. The Agency loan shall be evidenced by a note, and secured by a deed of trust to be recorded against the project as a condition to funding of the loan;
 - c. Funding of the Agency loan shall be conditioned on the execution and delivery by CFY Development, Inc. of a 55-year affordable housing covenant, to be recorded against the project;
 - d. The Agency loan funds shall be used by CFY Development, Inc solely to pay a portion of the costs for the senior affordable residential construction of the project; and
 - e. The loan agreement, affordable housing covenant and other related documents shall contain such other terms and conditions as are deemed appropriate by the Executive Director, in consultation with Agency Counsel.
6. A copy of the Loan Documents and Development Agreement is available and on file in the City Clerk's Office and incorporated herein by reference and made a part of this Resolution.
7. The Agency Secretary shall certify the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED by the Board of Directors of the Redevelopment Agency of the City of Galt this 5th day of February, 2008, upon a motion by Board Member Clare, second by Board Member Haines by the following vote, to wit:

AYES:	Board members:	Haines, Payne, Clare, Raboy, Meredith
NOES:	Board members:	None
ABSTAIN:	Board members:	None
ABSENT:	Board members:	None



CHAIRMAN, Redevelopment Agency

LOAN AGREEMENT

THIS LOAN AGREEMENT ("Agreement") is dated as of February 13, 2008 ("effective date"), by and between the GALT REDEVELOPMENT AGENCY, a public body corporate and politic ("Agency"), and the CITY OF GALT, a California municipal corporation ("City"). Agency and City are sometimes referred to in this Agreement individually as "Party" and collectively as "Parties." This Agreement is entered into with reference to the following recitals of fact (each a "Recital"):

RECITALS

A. Pursuant to California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*) ("CRL"), the Agency is engaged in activities necessary to implement the redevelopment plan ("Redevelopment Plan") for the Galt Redevelopment Project Area ("Project Area").

B. In accordance with CRL, Agency and CFY Development, Inc. ("Developer") have negotiated the terms of that certain Owner Participation Agreement dated February 5, 2008 ("OPA");

C. The OPA provides for, among other things, the development of certain real property by Developer as senior housing, which will be made affordable to extremely low, low and very low income senior households ("Project").

D. The Agency has sought financial assistance from the City in the form of a loan from the City in the amount not to exceed One Million Two Hundred Seventy Five Thousand Dollars (\$1,275,000) ("Loan Amount") for the acquisition and construction of Project.

E. Pursuant to CRL Section 33601, the Agency may borrow money or accept financial or other assistance from public agencies in connection with any of its redevelopment projects.

F. Pursuant to CRL Section 33220, the City may aid and cooperate in the planning, ~~undertaking, construction or financing of the Agency's redevelopment projects.~~

G. In connection with the authority granted under CRL Sections 33601 and 33220, the City and the Agency desire to enter into this Agreement in order for the City provide financial assistance to the Agency in the amount of the Loan Amount pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by Agency and City, the Parties agree as follows:

1. **EFFECTIVE DATE.** This Agreement is dated February 5, 2008 for reference purposes only. This Agreement shall not become legally effective or binding until the date on which all of the following are true ("Effective Date"): (a) following all legally required notices and hearings, this Agreement is approved by the Governing Board of Agency and the City Council of City; (b)

EXHIBIT B

this Agreement is executed by the authorized representative of Agency and delivered to City; and
(c) this Agreement is executed by the authorized representative of City and delivered to Agency.

2. CITY LOAN TO AGENCY.

2.1 City Loan to Agency. The City shall anytime after the Effective Date make available to the Agency the Loan Amount, or a portion thereof as requested by the Agency.

(a) Disbursement of Funds. The City agrees to disburse to the Agency such portions of the Loan Amount as the Agency may from time to time request, not to exceed One Million Two Hundred Seventy Five Thousand Dollars (\$1,275,000).

(b) The City shall disburse the requested portion of the Loan Amount within fifteen (15) calendar days following a written request from the Agency. The aggregate of all sums disbursed, together with the accrued interest thereon, shall be deemed to be the "Loan."

(c) Each disbursement shall commence to accrue simple per annum interest at a rate equal to the LAIF rate, from the date of the disbursement until paid.

2.2 Agency Repayment of Loan. The Agency shall repay the Loan, together with all accrued and unpaid interest thereon, in its entirety no later than the tenth (10th) anniversary of the Effective Date. At any time during the duration of this Agreement, there shall be no penalty for prepayment of the entire then-outstanding principal balance and accrued interest of the Loan.

2.3 Discharge of Agency's Obligations. The Agency's obligations under Section 2.2 shall be forgiven, discharged and excused upon the date the aggregate amount of payments made by Agency to City equals the amount of the City Loan, together with accrued interest.

3. GENERAL TERMS.

3.1 Notices and Demands. All notices or other communications required or permitted between Agency and City under this Agreement shall be in writing, and may be: (i) personally delivered; (ii) sent by United States registered or certified mail, postage prepaid, return receipt requested; (iii) sent by facsimile; or (iv) sent by nationally recognized overnight courier service (e.g., Federal Express), addressed to the Parties at the addresses provided in this Section 3.1, subject to the right of either Party to designate a different address for itself by notice similarly given. Any notice so given by registered or certified United States mail shall be deemed to have been given on the second (2nd) business day after the same is deposited in the United States mail. Any notice not so given by registered or certified mail, such as notices delivered by facsimile or courier service (e.g., Federal Express), shall be deemed given upon receipt of the same by the Party to whom the notice is given.

If to the Agency:

Galt Redevelopment Agency
380 Civic Drive
Galt, CA 95376
Attention: Executive Director

EXHIBIT B

If to the City:

City of Galt
380 Civic Drive
Galt, CA 95632
Attention: City Manager

3.2 **Time Is Of The Essence.** Time of the essence in the performance of the Parties' obligations under this Agreement.

3.5 **No Third Party Beneficiaries.** This Agreement is expressly declared to be for the sole benefit of the Parties hereto. No other person or entity not a signatory to this Agreement shall have any rights or causes of actions against any Party to this Agreement because of that Party's entry into this Agreement.

3.4 **Assignment.** City may not assign any of its rights or obligations under this Agreement without the prior express written consent of Agency, which may be given or withheld in Agency's sole and absolute discretion.

3.5 **Failure to Strictly Enforce Not a Waiver.** Failure by any Party to this Agreement to insist upon the strict performance of any provision of the Agreement or at any one or more times shall not be deemed to constitute a waiver of that Party's right to insist upon strict performance of that or any other provision of this Agreement on future occasions. No alleged waiver of any right afforded to any Party under this Agreement shall be effective unless in writing.

3.6 **Attorneys' Fees.** In the event that any action or proceeding is commenced by either Agency or City against the other to interpret or enforce any provision of this Agreement, the prevailing Party in such action or proceeding shall be entitled to recover from the non-prevailing Party, in addition to all other relief to which the prevailing Party may be entitled, the prevailing Party's reasonable attorneys' fees and litigation costs, as established by a court of law. Recoverable costs and fees shall include those incurred on appeal and in the enforcement of any judgment.

3.7 **Amendments and Modifications.** This Agreement may be amended only by a written document, duly subscribed by the Parties hereto.

3.8 **Counterparts.** This Agreement may be executed in counterpart originals, each of which shall be deemed to be an original, but, when taken together, shall constitute one and the same instrument.

3.9 **Not a Pledge of Tax Increment.** The Agency's obligations under this Agreement do not constitute a formal pledge of the Agency's tax increment; however, the Agency's obligations shall be paid out of all legally available funds, including bond proceeds. The Agency's obligations under this Agreement are subject and subordinate to any preexisting Agency indebtedness, including, without implied limitation, bonded indebtedness, and to any other indebtedness, including, without implied limitation, bonded indebtedness, which is incurred subsequent to the Effective Date of this Agreement.

3.10 **Severability.** If any term of this Agreement is held invalid the remainder of this

EXHIBIT B

Agreement shall remain in effect.

3.11 **Entire Agreement.** This Agreement sets forth the entire understanding between the parties. Changes or amendments shall be made in writing and signed by the parties.

3.12 **Jurisdiction and Venue.** Any action or proceeding concerning this Agreement shall be filed and prosecuted in the appropriate state court in the County of Sacramento, California.

[Signatures on Following Pages]

SIGNATURE PAGE
TO
LOAN AGREEMENT

AGENCY:

GALT REDEVELOPMENT AGENCY
a public body, corporate and politic.

By: Ted Anderson
Ted Anderson
Executive Director

Date: Feb 13, 08

ATTEST:

By: Elizabeth Aguirre
Agency Secretary
Galt Redevelopment Agency

APPROVED AS TO LEGAL FORM:
BEST BEST & KRIEGER LLP

By: Andrew Morris
Agency Counsel
Galt Redevelopment Agency

SIGNATURE PAGE
TO
LOAN AGREEMENT

CITY:

CITY OF GALT
a California municipal corporation

By:

Ted Anderson
Ted Anderson
City Manager

Dated:

Feb 13, 08

ATTEST:

By:

Elizabeth Aguirre
City Clerk
City of Galt

APPROVED AS TO LEGAL FORM:

By:

Andrew Morris
City Attorney
City of Galt

RESOLUTION NO. 2008-10R

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE REDEVELOPMENT AGENCY OF THE CITY OF GALT, CALIFORNIA,
APPROVING AN AMENDED LOAN AGREEMENT AND REGULATORY AGREEMENT BETWEEN
THE REDEVELOPMENT AGENCY OF THE CITY OF GALT AND
CFY DEVELOPMENT, INC. FOR THE ACQUISITION AND CONSTRUCTION
OF AN AFFORDABLE SENIOR HOUSING MIXED-USE PROJECT IN THE CITY OF GALT
REDEVELOPMENT PROJECT AREA**

WHEREAS, the Redevelopment Agency ("Agency") of the City of Galt is required to set aside 20% of its Tax Increment Funds to increase, improve and preserve housing affordable to very-low, low and/or moderate income persons in the community; and

WHEREAS, the Redevelopment Agency of the City of Galt received a \$1,275,000 loan from the City of Galt to the Low Moderate Income Housing Fund to assist in providing a \$2,500,000 loan to CFY Development, Inc. for the acquisition and construction of Galt Place at its meeting on February 5, 2008; and

WHEREAS, the developer, CFY Development, Inc. has approached the Agency seeking an additional \$1,500,000 loan to assist in the acquisition and construction of Galt Place (the "project") an affordable mixed use senior housing project; and

WHEREAS, the loan agreement between the City of Galt and the Galt Redevelopment Agency is not considered a project under Section 15378 (b) (4) of the California Environmental Quality Act; and

WHEREAS, the Redevelopment Agency of the City of Galt has requested an additional \$711,000 loan from the City of Galt to the Low Moderate Income Housing Fund to assist in providing a \$4,000,000 loan to CFY Development, Inc. for the acquisition and construction of Galt Place, an affordable senior housing mixed use project and agrees to repay the City the principle amount plus reasonable interest under terms and conditions as set forth in the attached agreement (Exhibit B); and

WHEREAS, the Agency has received and reviewed all documents, including loan documents and developer agreements (Exhibit A) between the Redevelopment Agency of the City of Galt and CFY Development, Inc. relating to the \$4,000,000 loan for the development of an affordable mixed use senior housing building; and

WHEREAS, the Loan Agreement and Regulatory Agreement (Exhibit A) are consistent with the City of Galt Redevelopment Plan and City General Plan. The Loan Agreement and Regulatory Agreement will specifically further the attainment of the following Redevelopment Plan goals: (1) the construction of affordable senior apartments would be an asset to the City of Galt by providing new construction in the City's Redevelopment Area and downtown; and (2) providing 80 restricted rental units for seniors in the Extremely Low, Low and/or Very Low income category which will support the City's housing goals and meet Redevelopment Area goals.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the Redevelopment Agency of the City of Galt, California, that

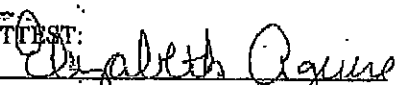
1. Approval of the loan agreement between the Galt Redevelopment Area and City of Galt is not a project under the California Environmental Quality Act; pursuant to Section 15378 (b) (4), as the funding mechanism is a loan, and the Galt Place mixed use affordable senior housing project will not result in potentially significant physical impacts on the environment, as supported in the preceding staff report evaluation of the project under Section 15332 of the California Environmental Quality Act.
2. That the Executive Director is hereby authorized to execute necessary loan documents and such other documentation in order to secure a revised loan from the City of Galt in the amount of \$711,000; (Exhibit B)

3. The Agency hereby agrees to repay the City of Galt \$711,000 including reasonable interest (LAIF Rate) and under terms and conditions set forth by the City of Galt, not to exceed 10 years.
4. The Agency hereby authorizes a loan to CFY Development, Inc. in an amount not to exceed \$4,000,000 from Redevelopment Agency Low/Mod Housing Set-aside Funds to assist CFY Development, Inc. in the acquisition and construction of the affordable senior portion of the Galt Place project only, subject to the terms and conditions set forth in Section 2, below and Loan Agreement (Exhibit A).
5. The Executive Director is hereby authorized and directed, in consultation with Agency Counsel, to prepare and enter into a loan agreement, affordable housing covenant, and all other agreements and documents as are necessary to provide the Agency loan to CFY Development, Inc. subject to the following terms and conditions:
 - a. The Agency loan shall not exceed \$4,000,000, to be funded from the Agency's Low/Mod Housing Set-aside Funds;
 - b. The Agency loan shall be repaid, with simple interest at the rate of 3% per annum. Annual payments shall be made from residual receipts from the project, with the entire remaining outstanding balance due in 55 years. The Agency loan shall be evidenced by a note, and secured by a deed of trust to be recorded against the project as a condition to funding of the loan;
 - c. Funding of the Agency loan shall be conditioned on the execution and delivery by CFY Development, Inc. of a 55-year affordable housing covenant, to be recorded against the project;
 - d. The Agency loan funds shall be used by CFY Development, Inc solely to pay a portion of the costs for the senior affordable residential construction and acquisition of the project; and
 - e. The loan agreement, affordable housing covenant and other related documents shall contain such other terms and conditions as are deemed appropriate by the Executive Director, in consultation with Agency Counsel.
6. A copy of the Loan Documents and Development Agreement is available and on file in the City Clerk's Office and incorporated herein by reference and made a part of this Resolution.
7. The Agency hereby appropriates \$1,500,000 for the Galt Place Project from fund 91.
8. The Agency Secretary shall certify the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED by the Board of Directors of the Redevelopment Agency of the City of Galt this 18th day of November, 2008, upon a motion by Board Member Payne and by Board Member Clare by the following vote, to wit:

AYES: Board Members: Hains, Payne, Clare
 NOES: Board Members:
 ABSTAIN: Board Members:
 ABSENT: Board Members: Raboy, Meredith


 VICE CHAIR, Redevelopment Agency

ATTEST:

 SECRETARY, Redevelopment Agency

LOAN AGREEMENT

EXHIBIT B

THIS LOAN AGREEMENT ("Agreement") is dated as of November 18, 2008, 2008 ("effective date"), by and between the GALT REDEVELOPMENT AGENCY, a public body corporate and politic ("Agency"), and the CITY OF GALT, a California municipal corporation ("City"). Agency and City are sometimes referred to in this Agreement individually as "Party" and collectively as "Parties." This Agreement is entered into with reference to the following recitals of fact (each a "Recital"):

RECITALS

- A. Pursuant to California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*) ("CRL"), the Agency is engaged in activities necessary to implement the redevelopment plan ("Redevelopment Plan") for the Galt Redevelopment Project Area ("Project Area").
- B. In accordance with CRL, Agency and CFY Development, Inc. ("Developer") have negotiated the terms of that certain Owner Participation Agreement dated November 18, 2008 ("OPA");
- C. The OPA provides for, among other things, the development of certain real property by Developer as senior housing, which will be made affordable to extremely low, low and very low income senior households ("Project").
- D. The Agency has sought financial assistance from the City in the form of a loan from the City in the amount not to exceed Seven Hundred and Eleven Thousand Dollars (\$711,000) ("Loan Amount") for the acquisition and construction of Project.
- E. Pursuant to CRL Section 33601, the Agency may borrow money or accept financial or other assistance from public agencies in connection with any of its redevelopment projects.
- F. Pursuant to CRL Section 33220, the City may aid and cooperate in the planning, undertaking, construction or financing of the Agency's redevelopment projects.
- G. In connection with the authority granted under CRL Sections 33601 and 33220, the City and the Agency desire to enter into this Agreement in order for the City provide financial assistance to the Agency in the amount of the Loan Amount pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by Agency and City, the Parties agree as follows:

1. **EFFECTIVE DATE.** This Agreement is dated November 18, 2008 for reference purposes only. This Agreement shall not become legally effective or binding until the date on which all of the following are true ("Effective Date"): (a) following all legally required notices

and hearings, this Agreement is approved by the Governing Board of Agency and the City Council of City; (b) this Agreement is executed by the authorized representative of Agency and delivered to City; and (c) this Agreement is executed by the authorized representative of City and delivered to Agency.

2. CITY LOAN TO AGENCY.

2.1 City Loan to Agency. The City shall anytime after the Effective Date make available to the Agency the Loan Amount, or a portion thereof as requested by the Agency.

(a) **Disbursement of Funds.** The City agrees to disburse to the Agency such portions of the Loan Amount as the Agency may from time to time request, not to exceed Seven Hundred and Eleven Thousand Dollars (\$711,000).

(b) The City shall disburse the requested portion of the Loan Amount within fifteen (15) calendar days following a written request from the Agency. The aggregate of all sums disbursed, together with the accrued interest thereon, shall be deemed to be the "Loan."

(c) Each disbursement shall commence to accrue simple per annum interest at a rate equal to the LAIF rate, from the date of the disbursement until paid.

2.2 Agency Repayment of Loan. The Agency shall repay the Loan, together with all accrued and unpaid interest thereon, in its entirety no later than the tenth (10th) anniversary of the Effective Date. At any time during the duration of this Agreement, there shall be no penalty for prepayment of the entire then-outstanding principal balance and accrued interest of the Loan.

2.3 Discharge of Agency's Obligations. The Agency's obligations under Section 2.2 shall be forgiven, discharged and excused upon the date the aggregate amount of payments made by Agency to City equals the amount of the City Loan, together with accrued interest.

3. GENERAL TERMS.

3.1 Notices and Demands. All notices or other communications required or permitted between Agency and City under this Agreement shall be in writing, and may be: (i) personally delivered; (ii) sent by United States registered or certified mail, postage prepaid, return receipt requested; (iii) sent by facsimile; or (iv) sent by nationally recognized overnight courier service (e.g., Federal Express), addressed to the Parties at the addresses provided in this Section 3.1, subject to the right of either Party to designate a different address for itself by notice similarly given. Any notice so given by registered or certified United States mail shall be deemed to have been given on the second (2nd) business day after the same is deposited in the United States mail. Any notice not so given by registered or certified mail, such as notices delivered by facsimile or courier service (e.g., Federal Express), shall be deemed given upon receipt of the same by the Party to whom the notice is given.

If to the Agency:

Galt Redevelopment Agency
380 Civic Drive
Galt, CA 95376

Attention: Executive Director

If to the City:

City of Galt
380 Civic Drive
Galt, CA 95632
Attention: City Manager

3.2 Time Is Of The Essence. Time of the essence in the performance of the Parties' obligations under this Agreement.

3.3 No Third Party Beneficiaries. This Agreement is expressly declared to be for the sole benefit of the Parties hereto. No other person or entity not a signatory to this Agreement shall have any rights or causes of actions against any Party to this Agreement because of that Party's entry into this Agreement.

3.4 Assignment. City may not assign any of its rights or obligations under this Agreement without the prior express written consent of Agency, which may be given or withheld in Agency's sole and absolute discretion.

3.5 Failure to Strictly Enforce Not a Waiver. Failure by any Party to this Agreement to insist upon the strict performance of any provision of the Agreement or at any one or more times shall not be deemed to constitute a waiver of that Party's right to insist upon strict performance of that or any other provision of this Agreement on future occasions. No alleged waiver of any right afforded to any Party under this Agreement shall be effective unless in writing.

3.6 Attorneys' Fees. In the event that any action or proceeding is commenced by either Agency or City against the other to interpret or enforce any provision of this Agreement, the prevailing Party in such action or proceeding shall be entitled to recover from the non-prevailing Party, in addition to all other relief to which the prevailing Party may be entitled, the prevailing Party's reasonable attorneys' fees and litigation costs, as established by a court of law. Recoverable costs and fees shall include those incurred on appeal and in the enforcement of any judgment.

3.7 Amendments and Modifications. This Agreement may be amended only by a written document, duly subscribed by the Parties hereto.

3.8 Counterparts. This Agreement may be executed in counterpart originals, each of which shall be deemed to be an original, but, when taken together, shall constitute one and the same instrument.

3.9 Not a Pledge of Tax Increment. The Agency's obligations under this Agreement do not constitute a formal pledge of the Agency's tax increment; however, the Agency's obligations shall be paid out of all legally available funds, including bond proceeds. The Agency's obligations under this Agreement are subject and subordinate to any preexisting Agency indebtedness, including, without implied limitation, bonded indebtedness, and to any other indebtedness, including, without implied limitation, bonded indebtedness, which is incurred subsequent to the Effective Date of this Agreement.

EXHIBIT B

3.10 Severability. If any term of this Agreement is held invalid the remainder of this Agreement shall remain in effect.

3.11 Entire Agreement. This Agreement sets forth the entire understanding between the parties. Changes or amendments shall be made in writing and signed by the parties.

3.12 Jurisdiction and Venue. Any action or proceeding concerning this Agreement shall be filed and prosecuted in the appropriate state court in the County of Sacramento, California.

[Signatures on Following Pages]

**SIGNATURE PAGE
TO
LOAN AGREEMENT**

AGENCY:

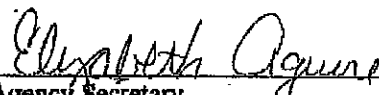
GALT REDEVELOPMENT AGENCY
a public body, corporate and politic

By: 

Jason Behrmann
Executive Director

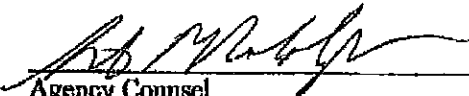
Date: 6/21/12

ATTEST:

By: 

Elizabeth Aguirre
Agency Secretary
Galt Redevelopment Agency

APPROVED AS TO LEGAL FORM:

By: 

Agency Counsel
Galt Redevelopment Agency



**SIGNATURE PAGE
TO
LOAN AGREEMENT**

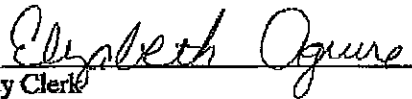
CITY:

CITY OF GALT
a California municipal corporation

By: 
Jason Behrmann
City Manager

Dated: 6/21/12

ATTEST:

By: 
Elizabeth Ogura
City Clerk
City of Galt

APPROVED AS TO LEGAL FORM:

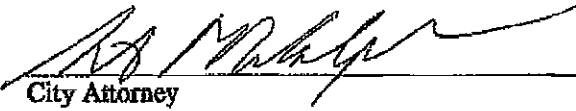
By: 
City Attorney
City of Galt

EXHIBIT B

**Redevelopment Agency LMIH
Amounts Due to the City of Galt
6/30/2011**

	Original Loan Balance	Interest Rate	RDA due to City Fund	Original Loan Balance
LMIH CFY Loan	\$1,986,000		(31) NE Area Impact Fees	\$711,000
			(14) Cap Reserve - Wastewater	624,682
			(13) Cap Reserve - Water	32,393
			(11) City Wide Capital Acquisition	617,925
Total	<u>\$1,986,000</u>			<u>\$1,986,000</u>

ATTACHMENT F