

Yuba County Government Center
915 Eighth Street, Board Chambers
Marysville, CA 95901

AMENDED AGENDA

- | | | | |
|--|------------------|-----------------------|---------------|
| A. Roll Call – Directors: | Violette Begley | Robert Bendorf | Jim Carpenter |
| | Mary Jane Griego | Scotia Holmes Sanchez | |
| B. Introductions | | | |
| C. Elect Chair and Vice Chair of Oversight Board | | | |
| D. Receive background on dissolution of RDA and Oversight Board’s role. | | | |
| E. Approve Recognized Obligations Payment Schedules (ROPS) through June 2012 and December 2012 and authorize Chair to execute same. | | | |
| F. Authorize Yuba County Auditor-Controller to transfer Low Income Housing Set Aside Fund 169 to the Yuba County Housing Authority Trust Fund 262. | | | |
| G. Public Comment | | | |
| H. Adjourn | | | |

RECOGNIZED OBLIGATION PAYMENT SCHEDULE - CONSOLIDATED
FILED FOR THE JAN 2012 to JUN 2012 PERIOD

Name of Successor Agency Yuba County

	Current	
	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
Outstanding Debt or Obligation	\$ 1,248,657.50	\$ 180,454.00
	Total Due for Six Month Period	
Outstanding Debt or Obligation	\$ 180,454.00	
Available Revenues other than anticipated funding from RPTTF	\$ -	
Enforceable Obligations paid with RPTTF	\$ 171,864.00	
Administrative Cost paid with RPTTF	\$ 8,590.00	
Pass-through Payments paid with RPTTF	\$ -	
Administrative Allowance (greater of 5% of anticipated Funding from RPTTF or 250,000. Note: Calculation should not include pass-through payments made with RPTTF. The RPTTF Administrative Cost figure above should not exceed this Administrative Cost Allowance figure)	\$ 8,593.20	

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

<hr/> Name	<hr/> Oversight Board Chair Title
<hr/> Signature	<hr/> Date

FORM A - Redevelopment Property Tax Trust Fund (RPTTF)

RDA Project Area All

Per AB 26 - Section 34177 (*)

Totals - This Page (RPTTF Funding)	\$ 1,237,737.50	\$ 171,864.00	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,864.00	\$ 171,864.00
Totals - Page 2 (Other Funding)	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 3 (Administrative Cost Allowance)	\$ 10,920.00	\$ 8,590.00	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,590.00	\$ 8,590.00
Totals - Page 4 (Pass Thru Payments)	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand total - All Pages	\$ 1,248,657.50	\$ 180,454.00		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,454.00	\$ 180,454.00

**** All totals due during fiscal year and payment amounts are projected.**

RPTTF - Redevelopment Property Tax Trust Fund

Other - reserves, rents, interest earnings, etc

Admin - Successor Agency Administrative Allowance

FORM C - Administrative Cost Allowance Paid With Redevelopment Property Tax Trust Fund (RPTTF)

RDA Project Area All

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34177 (*)

								Payable from the Administrative Allowance Allocation ****						
	Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	Funding Source **	Payments by month						
								Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Total
1)	Olivehurst Ave Strom Drain Project	Yuba County	Successor Agency Administration and	Olivehurst, CA	10,920.00	8,590.00	RPTTF						8,590.00	\$ 8,590.00
2)			Agreed-Upon Procedures Engagement											\$ -
3)														\$ -
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* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agreed Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.

**** All total due during fiscal year and payment amounts are projected.**

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)

RPTTF - Redevelopment Property Tax Trust Fund	Bonds - Bond proceeds	Other - reserves, rents, interest earnings, etc
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LMIHF - Low and Moderate Income Housing Fund	Admin - Successor Agency Administrative Allowance
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***** - Administrative Cost Allowance caps are 5% of Form A 6-month totals in 2011-12 and 3% of Form A 6-month totals in 2012-13. The calculation should not factor in pass through payments paid for with RPTF in Form D.

RECOGNIZED OBLIGATION PAYMENT SCHEDULE - CONSOLIDATED
FILED FOR THE JUL 2012 to DEC 2012 PERIOD

Name of Successor Agency Yuba County

	Current	
	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
Outstanding Debt or Obligation	\$ 1,248,657.50	\$ 82,095.00
	Total Due for Six Month Period	
Outstanding Debt or Obligation	\$ 82,095.00	
Available Revenues other than anticipated funding from RPTTF	\$ -	
Enforceable Obligations paid with RPTTF	\$ 79,765.00	
Administrative Cost paid with RPTTF	\$ 2,330.00	
Pass-through Payments paid with RPTTF	\$ -	
Administrative Allowance (greater of 3% of anticipated Funding from RPTTF or 250,000. Note: Calculation should not include pass-through payments made with RPTTF. The RPTTF Administrative Cost figure above should not exceed this Administrative Cost Allowance figure)	\$ 2,392.95	

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

<hr/> Name	<hr/> Oversight Board Chair Title
<hr/> Signature	<hr/> Date

Department of Finance – Housing Frequently Asked Questions

Q. Is the low and moderate income housing set-aside required or an enforceable obligation under AB X1 26?

A. The low-moderate income housing set-aside is not a continuing obligation. Thus payments that would have been made into the fund in the future had the redevelopment agency continued to exist should not appear on the Recognized Obligation Payment Schedule (ROPS). While redevelopment agencies may have deposited property tax into their Low and Moderate Income Housing Fund (Low-Mod Fund) prior to February 1, 2012, no new obligations should have been made against those funds after June 26, 2012. Funds which would have been deposited into the Low-Mod Fund to pay for enforceable housing obligations, such as payments for housing bond debt service, should be placed on the ROPS.

Q. Do the housing assets transferred to the sponsoring agency or local housing authority include funds or other monetary assets in the Low and Moderate Income Housing Fund?

A. Unencumbered funds in the Low and Moderate Income Housing Fund are specifically provided to the taxing agencies for distribution as property tax in Section 34176. Funds that are encumbered by enforceable obligations may be retained by the successor agency to satisfy those obligations. With approval of the oversight board, both obligations and funds to satisfy them may be transferred to the housing successor. The definition of what is an enforceable obligation for housing is the same as it is for all other obligations of the former redevelopment agency. For example, plans, resolutions, project designations, or other acts of the agency proposing to construct, buy, lease, or remodel housing, that were not specifically contracted for with an external party prior to June 29, 2011 are not enforceable obligations. No obligations should have been created against the low-moderate housing fund after June 26, 2011.

Q. For purposes of AB X1 26, what is a housing asset that can transfer to the housing successor?

A. Housing assets to be transferred to the housing successor agency must be approved by the oversight board and thus are also subject to review by Department of Finance. In our view, housing assets are:

1. Any real property, interest in, or restriction on the use of real property, whether improved or not, and any personal property provided in residences (such as furniture and appliances) that was acquired for housing purposes (either by purchase or through a loan) in whole or part with funds from the Low and Moderate Income Housing Fund (Low-Mod Fund) . The share of the asset value that should be considered housing assets should be proportionate to the share of ownership of the asset that is held by the successor agency or if ownership shares are not defined by contract, in proportion to funding provided by the redevelopment agency in proportion to the total funding for the project.
2. Any funds that are encumbered by an enforceable obligation to build or acquire low and moderate income housing as low and moderate income housing are defined by the Community Redevelopment Law. For this purpose, an enforceable obligation is defined the same way it is for AB X1 26 generally.

3. A stream of repayments from a loan of Low-Mod Fund money, if the repayments are encumbered by enforceable obligations to provide low-mod housing or for enforceable obligations associated with low-mod housing. Otherwise they are surplus funds that should be provide to taxing agencies.
4. A stream of rents or other payments from housing tenants or operators of low-mod housing that are enforceably obligated to provide low-mod housing or for enforceable obligations associated with low-mod housing. Thus money not contractually pledged for maintenance, operation, rent subsidy, or other specific purposes associated with the low-mod housing is surplus and should be provided to the taxing agencies.

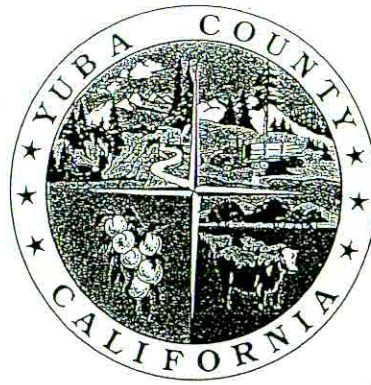
We expect that most low-mod housing acquired with redevelopment funds will have long-term or permanent affordability covenants on it and thus will have little or no market value. While we expect that most housing built or acquired with low-mod funds will have long-term restrictions on rents and sales that were required by providers of other financing involved in the projects, there may be instances where this is not the case. If the redevelopment agency had sole title to the housing and it was not built with any low-mod funds and thus is a market property, any rental revenue, or proceeds from sale, and the property itself are not housing assets that transfer to the housing successor.

We also expect that some projects involving housing are mixed use and could include governmental-use property, commercial property, market rate housing, and housing that meets the Community Redevelopment Law definition of low-mod housing. While we would expect that significant amounts low-mod funds were not used to acquire commercial property or governmental-use property per se, there could be situations where title to the various types of properties is in the name of the redevelopment agency but the value (either of sales of assets or revenue streams) should be apportioned between the low-mod fund and other funders, including the redevelopment agency general fund. Such assets may transfer to the housing successor only with approval of the oversight board. It may be preferable that these assets continue to be held and managed by the successor agency to the redevelopment agency.

County of Yuba

PLANNING DEPARTMENT

938 14TH STREET, MARYSVILLE, CALIFORNIA 95901



(916) 741-6419
(916) 741-6410
FAX (916) 741-6580

JAMES P. MANNING
DIRECTOR

April 8, 1996

TO: Board of Supervisors

FROM: Jim Manning, Community Development Director

SUBJECT: Loan to Yuba County Redevelopment Agency for Consultant Fees to Prepare a Redevelopment Plan for the Olivehurst Avenue Specific Plan.

RECOMMENDATION: Authorize a loan of \$89,850 from Trust Fund #326-0000-371.98-99 (County Special Trust) to the Yuba County Redevelopment Agency for Consultant Fees to prepare a Redevelopment Plan and authorize the Auditor/Controller to establish a budget fund for Redevelopment Agency expenses.

BACKGROUND: On April 9, 1996 the Yuba County Redevelopment Agency approved contracts totalling \$89,850 with Katz Hollis, Richard Floch & Associates and McDonough, Holland & Allen for the preparation of a Redevelopment Plan for the Olivehurst Avenue Specific Plan area. The Redevelopment Agency currently is not funded and they are requesting that funding for this contract be provided through a loan from the County Special Trust (Trust Fund #326-0000-371.98-99). The loan will be repaid by the Agency from revenues received through the tax increment. These payments should begin to be received by the Agency during the tax year following adoption of the Redevelopment Plan.

DISCUSSION: The Redevelopment Agency does not have a budget fund and in order to expend funds it will be necessary for the Board to authorize the Auditor/Controller to establish a budget fund for the Agency. The requested loan will be withdrawn from the Trust Fund when payments are required to the consultants. It will be necessary for the Redevelopment Agency to enter into a reimbursement agreement with the County to establish the repayment schedule for the loan and any other loans or staff support the County provides to the Agency. This reimbursement agreement will be prepared by the consultant following execution of the contracts.



MINUTE ORDER

YUBA COUNTY BOARD OF SUPERVISORS

APRIL 16, 1996

Loan/Consultant Fees Redevelopment Plan Olivehurst Avenue Specific Plan:

Community Development Director Jim Manning advised the Yuba County Redevelopment Agency has approved contracts totaling \$89,850 with Katz Hollis, Richard Floch & Associates and McDonough, Holland & Allen for preparation of a Redevelopment Plan for the Olivehurst Avenue Specific Plan.

Mr. Manning further advised a loan is requested from the County Special Trust to fund these contracts as needed.

Upon motion of Supervisor Hastey, seconded by Supervisor Palmquist, and unanimously carried, the Board authorized a loan in a maximum amount of \$89,850 from Account No. 326-0000-371-98-99 County Special Trust) to the Yuba County Redevelopment Agency for consultant fees to prepare a Redevelopment Plan for the Olivehurst Avenue Specific Plan and authorized the Auditor/Controller to establish a budget fund for Redevelopment Agency expenses.

The foregoing is an accurate statement of the action taken on the above date and entered in the Official Minutes of the Board of Supervisors of the County of Yuba, State of California, in Minute Book No. 53, Page 179.

ATTEST: DONNA STOTTLEMEYER
CLERK OF THE BOARD OF SUPERVISORS

Donna Stottlemyer, Deputy Clerk

Distribution: Community Development
Dated: December 3, 2007

YUBA COUNTY WATER AGENCY - YUBA COUNTY REDEVELOPMENT AGENCY LOAN AGREEMENT

THIS AGREEMENT is entered into this 19th day of May, 1998 by and between Yuba County Water Agency, a public agency ("Lender") and **Yuba County Redevelopment Agency** ("Borrower"), who agree as follows:

1. RECITALS. This Agreement is made with reference to the following background recitals:

1.1 The Olivehurst Avenue Specific Plan identified basic infrastructure requirements for Olivehurst Avenue and Seventh Avenue necessary to improve the viability of this area as a commercial center. The Specific Plan identified the need to construct storm water drainage facilities along Olivehurst Avenue and Seventh Avenue since there are currently no facilities to serve this function. Flooding has recently occurred in this area in 1995 and 1997 due to the lack of storm water drainage facilities. The proposed plan would construct storm water drainage facilities to direct drainage to Clark Lateral. Yuba County established the Redevelopment Agency and prepared the Olivehurst Avenue Redevelopment Plan to fund the needed improvements.

1.2 The Auditor/Controller has provided an estimate for the 1997-98 tax increment funds that would be available to the Redevelopment Agency as \$42,269. This figure is slightly less than the estimate in the Redevelopment Plan which was \$46,000. The Redevelopment Agency's revenue will increase each year due to increases in property tax and the 1998-99 revenue will be approximately \$92,000. This will provide adequate funding over the term of the loan to meet the scheduled payments of \$45,400.

1.3 Borrower requires a sum of money, not in excess of \$600,000, for the Storm Water Drainage Improvements within the Olivehurst Redevelopment Area. (See the March 18, 1998 memo from Redevelopment Agency Executive Director Jim Manning to Yuba County Water Agency POD Committee.)

1.4 Borrower desires to repay Lender loan principal and interest annually on June 15th with interest paid at a rate equal to the average rate of interest paid by the Treasurer of Yuba County during the preceding twelve months.

1.5 Lender agrees that this plan has merit and deserves funding, and agrees to loan the money to Borrower on and subject to the terms of this Agreement.

2. LOAN.

2.1 Lender agrees to loan to Borrower, and Borrower agrees to borrow from Lender, the sum of Six hundred thousand dollars (\$600,000) subject to the terms and

conditions of this Agreement. The loan proceeds shall be used solely and exclusively by Borrower to pay creditors, vendors and contractors who performed work for Borrower and furnished materials and supplies for the work as described in the recitals.

2.2 Borrower agrees to execute a promissory note to Lender evidencing this indebtedness in the original principal amount of \$600,000, and in a form attached hereto. The promissory note shall provide for interest on the amount of unpaid principal balance at a rate per annum equal to the average rate of interest earned by funds deposited with the Yuba County Treasurer during the twelve months immediately preceding the time for commencement of loan repayment.

2.3 The parties anticipate that the loan will be repaid by Borrower from property tax increment funds generated from Borrower's Olivehurst Redevelopment Area.

2.4 Loan payments shall be credited first to accrued interest and then to principal.

2.5 Borrower shall commence repayment of the loan balance to Lender, including principal and interest, on the first day of the month that occurs more than 12 months after the first loan disbursement made to Borrower. The loan shall be repaid by annual payments to be made by Borrower over a 20 year period commencing on the first payment date, continuing each anniversary date thereafter, and ending 20 years later. Each year, Lender shall prepare and provide to Borrower a statement of the principal and interest due for that year calculated at payment amounts sufficient to fully repay the principal amount of the loan plus accrued interest (at a rate calculated under section 2.2) amortized over the 20 year term. Payment shall be delinquent if not received by Agency in full within 30 days from the annual statement date.

2.6 Borrower shall complete construction and installation of the drainage improvements no later than June 30, 2003. If the improvement work is not completed by this date, or an extended period as may be approved by Lender for good cause shown by Borrower, then upon such deadline Borrower shall return to Lender any unused loan proceeds and the principal amount due shall be reduced in a like amount.

3. TAX INCREMENT PLEDGE. Borrower hereby irrevocably pledges all of its property tax increment revenue generated from its Olivehurst Redevelopment Area to the punctual payment of principal and interest in accordance with the terms of this Agreement and the related note. This pledge shall constitute a first lien on such revenues for the payment of principal and interest under this Agreement and note. So long as any debt remains outstanding under this Agreement and note, and except as may be approved in writing by Lender, Borrower shall not create or allow to be created any other pledge of or lien on such revenues, or issue any bonds, certificates of participation, notes or other evidence of indebtedness payable from such revenue.

4. NO PRECEDENT. By loaning these funds for the payment of Borrower's creditors, vendors and contractors for this work, Lender expressly establishes no precedent for payment to creditors, vendors and contractors for other districts or other projects. Nor does Lender in any manner, approve or disapprove the legality of contracts, the amounts incurred, the construction methods or proper specifications, or any other element of the contract, construction or relationship between Borrower, various other governmental agencies and their creditors, vendors and contractors.

5. DISBURSEMENT OF FUNDS. Loan proceeds shall be disbursed as necessary to pay actual capital expenses for the drainage improvement work as such expenses accrue. Upon request by Borrower, Lender shall pay or reimburse all invoices, bills, statements, and other expenses for the work. Total loan disbursements (whether Lender payments or reimbursement) shall not exceed the loan amount. Borrower payment/reimbursement requests shall not be submitted more frequently than monthly. Payment/reimbursement requests shall be supported by satisfactory proof of payment due or payment made, including copies of subject invoice(s), bill(s), statement(s), and/or other proof of cost item, and, for reimbursement requests, proof of payment by Borrower (e.g., copy of check or warrant). If Lender determines that the payment request is for eligible costs, and if Borrower is otherwise in compliance with this Agreement, then Lender shall either reimburse the item to Borrower or pay the item directly to the vendor, contractor, supplier, etc., within 30 days of receipt of the request. Lender shall account for the cumulative principal loan balance owed by Borrower as loan disbursement requests are submitted by Borrower and approved and paid by Lender.

6. RECORD KEEPING. Borrower shall comply with the following conditions concerning loan records:

6.1 Borrower shall keep and maintain bookkeeping records, accounts, and documentation pertaining to the receipt, disbursement and use of the loan proceeds to pay creditors, vendors, and contractors who performed work for Borrower as described in the recitals, including invoices, receipts, canceled checks, and contracts.

6.2 These records shall be retained for a period of not less than three years from the completion of the drainage improvement work.

6.3 These records shall be accessible and available for inspection or audit by Lender, or by its employees, accountants, attorneys or agents, at reasonable times and upon reasonable notice.

7. REPRESENTATION AND WARRANTIES. Borrower makes the following representations and warranties:

7.1 There are no legal actions, suits, or proceedings pending or, to the knowledge of Borrower, threatened against Borrower.

7.2 Borrower is not in default of any obligation, judgment, bond, debenture, note or other evidence of indebtedness.

7.3 No outstanding tax liability has been asserted by the IRS, California Franchise Tax Board or any other taxing authority.

8. DEFAULT. At the option of the Lender, the occurrence of any of the following events shall constitute a default:

8.1 Borrower fails to make any payment of principal or interest or any other amounts due Lender hereunder when due and such failure shall continue for five days after notice thereof from Lender.

8.2 Any material representation or warranty made by Borrower is breached, false or misleading in any material respect.

8.3 Any material provision of this Agreement ceases to be valid and binding, or Borrower contests any such provision, or Borrower, or any agent or trustee on behalf of Borrower, denies that it has any or further liability under this Agreement.

8.4 Borrower fails to perform any covenant, conditions, or agreement set forth herein, and such failure shall continue for a period of 30 days after notice thereof (which notice shall specify in reasonable detail the nature of such failure) from Lender.

8.5 Borrower becomes insolvent or unable to pay its debts as they mature or makes an assignment for the benefit of creditors, or there shall occur a material adverse change in the financial condition of Borrower.

8.6 Borrower files or there is filed against Borrower a petition to have Borrower adjudicated a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy unless, in the case of a petition filed against Borrower, the same dismissed or stayed within 60 days.

8.7 Borrower applies for or consents to the appointment of a receiver, trustee or conservator for any portion of Borrower's property, or such appointment is made without Borrower's consent and is not vacated within 60 days.

In the event of default, Lender may immediately call the note due and payable and enforce its remedies as provided by law.

9. LIMITATIONS. Borrower shall not, without prior consent of Lender (a) pledge, mortgage or otherwise encumber in any manner whatsoever any of Borrower's present or after acquired property or assets, (b) borrow money or obtain a loan from any person, corporation, or any other source, (c) make or guarantee any advances or loans made to others, or (d) sell or distribute a substantial part, or all of its assets.

10. GENERAL PROVISIONS.

10.1 Integration. This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of terms of this contract among the parties concerning the subject matter addressed herein, and supersedes all prior negotiations, representations or agreements, either oral or written, that may be related to the subject matter of this Agreement, except those other documents that are expressly referenced in this Agreement.

10.2 Construction and Interpretation. The parties agree and acknowledge that this Agreement has been arrived at through negotiation, and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.

10.3. Waiver. The waiver at any time by any party of its rights with respect to a default or other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter.

10.4. Successors and Assignment. This Agreement shall bind and inure to the benefit of the respective successors, assigns, heirs, devisees and personal representatives of the parties.

10.5 Amendment. This Agreement may be modified or amended only by a subsequent written agreement approved and executed by both parties.

10.6. Governing Law and Venue. Except as otherwise required by law, this Agreement shall be interpreted, governed by, and construed under the laws of the State of California.

10.7. Attorney's Fees. In the event any legal action is brought to enforce or construe this Agreement or the promissory note, the prevailing party shall be entitled to an award of reasonable attorney's fees, expert witness and consultant fees, litigation costs and costs of suit.

10.8. Notices. Any notice, demand, invoice or other communication required or permitted to be given under this Agreement shall be in writing and either served personally or sent by prepaid, first class U.S. mail addressed as follows:

10.9. Borrower shall comply with all applicable federal, state and local statutes, laws and regulations that may apply to the construction and installation of the drainage improvement work, including but not necessarily limited to, the California Environmental Quality Act and the Labor Code requirements pertaining to public works projects.

Engineer-Administrator
Yuba County Water Agency
1402 D Street
Marysville, CA 95901

Executive Director
Yuba County Redevelopment Agency
938 14th Street
Marysville, CA 95901

YUBA COUNTY WATER AGENCY

Jim Belza
Chair

By:

Executive Director

By Nancy Jones
Secretary

Sandra Williams

General Counsel

PROMISSORY NOTE

\$600,000

Marysville, California

May 19, 1998

1. For value received, Yuba County Redevelopment Agency promises to pay to the Yuba County Water Agency, or order, at the Agency office, 1402 D Street, Marysville, Ca 95901, or at such other place as holder may from time to time designate by written notice to maker, the principal sum of Six hundred thousand dollars (\$600,000), with interest from the first date of disbursement of funds on unpaid principal at a rate per annum equal to the average rate of interest earned by funds deposited by the Yuba County Treasurer during the twelve months immediately preceding the time for commencement of loan repayment under the Loan Agreement dated May 19, 1998.

2. Maker shall pay principal and interest on this note as provided by the terms of that Loan Agreement dated May 19, 1998.

3. Each loan payment shall be credited first on interest then due and the remainder on principal; and interest shall thereupon cease upon the principal so credited. Should interest not be so paid it shall thereafter bear like interest as the principal, but such unpaid interest so compounded shall not exceed an annual amount equal to simple interest on the unpaid principal at the maximum rate permitted by law.

4. The whole sum of principal and interest shall immediately be due and payable at the option of holder of this note upon the occurrence of any of the following conditions: (a) A default in payment of any installment of principal or interest when due; or (c) Any other default under that Loan Agreement dated May 19, 1998. Failure to exercise any such option shall not constitute a waiver of the right of holder to exercise such option in the event of any subsequent occurrence.

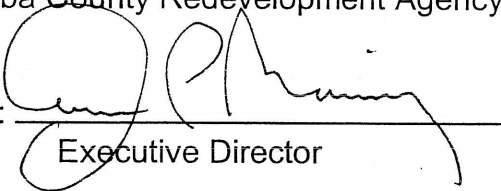
5. If any action is taken by holder or its agents or assigns in enforcing or otherwise seeking to collect on this note, maker agrees to pay the following costs, expenses and attorney's fees paid or incurred by holder, or adjudged by a court: (a) Reasonable costs, expenses and attorney's fees paid or incurred in connection with the collection or enforcement of this note or any part of it, whether or not a lawsuit is filed; and (b) Reasonable attorney's fees, expert witness fees, and litigation costs and expenses in any lawsuit to enforce payment of this note or any part of it.

6. Maker shall have the right to prepay the principal of this note in whole or in part prior to its due date without premium or penalty.

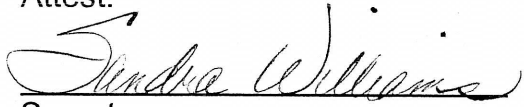
7. This note is secured by a rate covenant of maker contained in that Loan Agreement dated May 19, 1998.

Yuba County Redevelopment Agency

By:


Executive Director

Attest:


Secretary

AMENDMENT NO. 1
TO 1998 YUBA COUNTY WATER AGENCY --
YUBA COUNTY REDEVELOPMENT AGENCY
LOAN AGREEMENTS

THIS AMENDMENT TO AGREEMENT is made this 24th day of August, 2000, by and between Yuba County Water Agency ("Lender") and the Yuba County Redevelopment Agency ("Borrower"), who agree as follows:

1. Recitals. This Amendment is made with reference to the following background recitals:

1.1. Effective May 19, 1998, the parties entered into a Loan Agreement ("Loan Agreement #1") and Borrower executed a related Promissory Note concerning financing for up to a \$600,000 loan for the construction of drainage improvements for the Olivehurst Avenue Redevelopment Plan area.

1.2. Effective August 24, 1999, the parties entered into a second Loan Agreement ("Loan Agreement #2") and Borrower executed a related Promissory Note concerning an additional loan of up to \$300,000 for the Olivehurst Avenue Redevelopment Plan area drainage improvements. To date, Borrower has requested and received \$66,289.21 under Loan Agreement #2.

1.3. The balance under Loan Agreement #2 was due August 24, 2000. Borrower has not made the payment. Instead, Borrower requests (a) an additional loan disbursement of \$98,796.08, and (b) that the balance owed under Loan Agreement #2 be consolidated under the terms of Loan Agreement #1, which provides for a longer repayment period. Lender is willing to agree to these requests on and subject to the terms of this Amendment No. 1.

2. Changes to Loan Agreements.

2.1. Loan Agreement #1 is hereby amended by increasing the total authorized principal loan amount from \$600,000 to \$765,085.29. The loan balance due under Loan Agreement #2 shall be repaid by Lender pursuant to the terms of Loan Agreement #1. The current status of the loan amounts, payments and balance due under the consolidated loan (and including the additional loan disbursement of \$98,796.08 from Lender to Borrower) is shown on Exhibit A, attached hereto and incorporated herein.

2.2. Lender hereby authorizes the additional loan disbursement of \$98,796.08 to Borrower on and subject to the terms of Loan Agreement #1, as amended.

2.3. Loan Agreement #2 is hereby terminated, with the understanding that the loan amounts under that agreement shall be due and payable by Borrower under the terms of Loan Agreement #1, as amended. The \$300,000 Promissory Note by Borrower dated August 24, 1999 is not terminated, and instead is hereby amended as follows: principal and interest on the note shall be repaid as provided by the terms of Loan Agreement #1, as amended, and shall not be due in full

on or before August 24, 2000; and, the note shall be deemed secured by the tax increment pledge of Borrower contained in Loan Agreement #1, as amended.

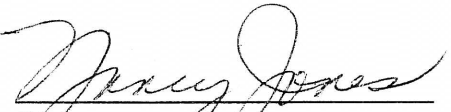
3. No Effect on Other Provisions. Except for the changes in section 2, the remaining provisions of Loan Agreement #1 and the Promissory Notes shall be unaffected and shall remain in full force and effect.

YUBA COUNTY WATER AGENCY

By: 

CHAIR

Attest:

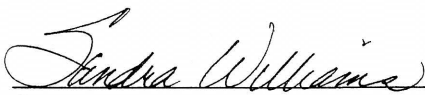

Secretary

YUBA COUNTY REDEVELOPMENT
AGENCY

By: 

CHAIR

Attest:


Secretary

Yuba County-Olivehurst Redevelopment Drainage Loan

Acct 137113

Max \$600,000 + 66289.21 + 98796.08

1st payment 6/15/2000

Consolidation of Loans

Board approved /99

12 mo avg
0.05323 Interest Rate
6/30/1999

Date	Loan	Days	Interest	Paid	Total	Balance of Loan Due	Balance of Interest Due	Total Loan
6/21/1999	25,564.15				25,564.15	25,564.15		25,564.15
6/30/1999		9	34.93		25,599.08	25,564.15	34.93	25,599.08
12/28/1999	354,132.78	181	684.17		380,416.03	379,696.93	719.10	380,416.03
1/11/2000	178,678.34	14	785.99		559,880.36	558,375.27	1,505.09	559,880.36
3/28/2000	41,624.73	77	6,357.27		607,862.36	600,000.00	7,862.36	607,862.36
3/28/2000	66,289.21				674,151.57	666,289.21	7,862.36	674,151.57
6/30/2000		94	9,260.72		683,412.29	666,289.21	17,123.08	683,412.29
9/1/2000		63	6,206.65	49472.88	640,146.06	640,146.06	0.00	640,146.06
9/26/2000	98,796.08	25	2,366.32		741,308.46	741,308.46	2,366.32	743,674.78

EXHIBIT A

AMENDMENT NO. 2

TO 1998 YUBA COUNTY WATER AGENCY – YUBA COUNTY REDEVELOPMENT AGENCY LOAN AGREEMENT

THIS AMENDMENT TO AGREEMENT is made this 1st day of July, 2003, by and between Yuba County Water Agency ("Agency") and the Yuba County Redevelopment Agency ("Borrower"), who agree as follows:

1. Recitals. This Amendment is made with reference to the following background recitals:

1.1. On May 19, 1998, the parties entered into a Loan Agreement ("Loan Agreement #1") and Borrower executed a related Promissory Note concerning financing for up to a \$600,000 loan for the construction of drainage improvements for the Olivehurst Avenue Redevelopment Plan area.

1.2. On August 24, 1999, the parties entered into a second Loan Agreement ("Loan Agreement #2") and Borrower executed a related Promissory Note concerning an additional loan of up to \$300,000 for the Olivehurst Avenue Redevelopment Plan area drainage improvements.

1.3. On August 24, 2000 Loan Agreement #1 was amended to consolidate the balance owed under Loan Agreement #2 under the terms of Loan Agreement #1, and Loan Agreement #2 was terminated.

1.4. The revenue projections for the Olivehurst Avenue Redevelopment Plan area have not been realized and the property tax revenues needed to pay back the loans have not materialized.

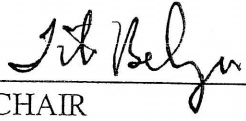
1.5. The parties now desire to amend Loan Agreement #1 to revise the payment provisions of the agreement.

2. Amendments to Agreement. Loan Agreement #1 is hereby amended as follows:

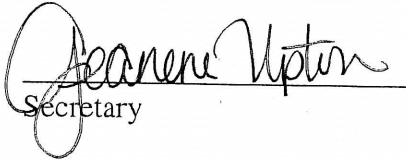
2.1. The payment terms contained in Loan Agreement #1, section 2.5, are suspended for a five-year period beginning on the date of this agreement. During this five-year period, the Borrower agrees to make annual payments equal to \$2,000 or the Borrower's entire annual net income, whichever amount is greater. Payments shall be due on August 24th of each year commencing August 24, 2003, and shall be delinquent if not received by Lender in full within 30 days from that date. After the five-year period has concluded, Borrower shall continue repayment of the loan balance to Lender in accordance with the terms of Loan Agreement #1 as it existed prior to this amendment.

3. No Effect on Other Provisions. Except for the amendments in section 2, the remaining provisions of the Loan Agreement #1 shall be unaffected and remain in full force and effect.

YUBA COUNTY WATER AGENCY

By: 
CHAIR

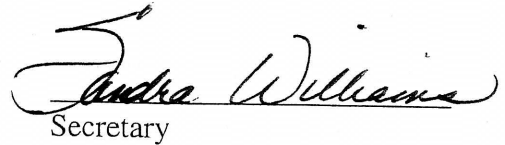
Attest:


Secretary

YUBA COUNTY REDEVELOPMENT
AGENCY

By: 
ROBERT MENENI
DIRECTOR

Attest:


Secretary