

AGREEMENT BETWEEN THE CLEARLAKE REDEVELOPMENT AGENCY,
THE CITY OF CLEARLAKE AND THE COUNTY OF LAKE
PURSUANT TO HEALTH & SAFETY CODE
SECTION 33401

THIS AGREEMENT, hereinafter referred to as the "Agreement", is entered into this 26th ~~5th~~ day of June ~~June~~, 1990 by and between the Clearlake Redevelopment Agency, also known as the Community Development Agency of the City of Clearlake, hereinafter referred to as the "Agency", the City of Clearlake, hereinafter referred to as the "City", and the County of Lake, hereinafter referred to as the "County".

WHEREAS, the City Council of the City, acting as a community redevelopment agency, is scheduled to approve a Redevelopment Plan, entitled "Community Development Plan for the Highlands Park Community Development Project", hereinafter referred to as the "Redevelopment Plan" for the Redevelopment Project entitled Highlands Park Community Development Project, hereinafter referred to as the "Project", on or before August 1, 1990; and

WHEREAS, pursuant to the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.), the Agency is charged with the responsibility of carrying out the Redevelopment Plan for the Project; and

WHEREAS, the County General Fund and County Library Fund are affected taxing entities with territory located within the boundaries of the Project, (hereinafter referred to as the "Project Area"); and

WHEREAS, pursuant to Article XVI, Section 16, of the California Constitution, Section 33670 et seq. of the Health and Safety Code, and the Redevelopment Plan, increases in the assessed values of the property within the Project Area above the sum of the assessed values as shown on the 1989-90 assessment roll (the "Base Year Roll") will result in that portion of property taxes levied each year on such increases in assessed values being paid to the Agency as tax increments, (hereinafter referred to as the "Total Tax Increments"), to pay the principal of and interest on loans, monies advanced to, or indebtedness incurred by the Agency to finance or refinance, in whole or in part, redevelopment in accordance with the Redevelopment Plan; and

WHEREAS, Section 33401 of the Health and Safety Code allows a redevelopment agency to make any payments necessary to alleviate any financial burden or detriment caused to any affected taxing entity by a redevelopment project; and

WHEREAS, the Agency has determined that because of the loss in property taxes the County General Fund and County Library Fund could incur due to the Project, this Agreement is necessary to alleviate the financial burden and detriment or potential financial burden and detriment to the County General Fund and County Library Fund; and

WHEREAS, The County has adopted Resolution Nos. 90-161 and 90-162 electing to receive the additional tax allocation pursuant to Health and Safety Code Section 33676; and

WHEREAS, the payments made pursuant to this agreement are in addition to the tax allocation received by the County General Fund pursuant to Resolution No. 90-161.

NOW, THEREFORE, the Agency, the City, and the County hereby agree as follows:

Section 1. Definitions. As used herein:

a. "Tax Increments" means taxes allocated to the Agency from the Project Area pursuant to Health and Safety Code Section 33670(b) of the Community Redevelopment Law and Article XVI, Section 16 of the California Constitution, less any amounts to be paid to affected taxing entities as allowed under Section 33676 of the Health and Safety Code.

b. "Community Redevelopment Law" means the California Community Redevelopment Law as set forth in California Health and Safety Code Section 33000 et seq.

c. "County's Share" means the proportionate percentage share of Tax Increments in a Fiscal Year that the County General Fund would have received as property taxes from the Project Area if there were no provisions in the Redevelopment Plan for the allocation of Total Tax Increments to the Agency pursuant to Section 33670(b) of the Health and Safety Code.

d. "Library Fund" means the Lake County Library Fund, which is a separate fund administered by the County and financed, in part, by a percentage of ad valorem taxes levied and assessed on property within the Project Area.

e. "County General Fund" is the General Lake County Fund which is a separate fund administered by the County and financed, in part, by a percentage of ad valorem taxes levied and assessed on property within the Project Area.

f. "Fiscal Year" means the fiscal year first commencing July 1, 1991, and each Fiscal Year commencing July 1 thereafter, in which Total Tax Increments are allocated to the Agency pursuant to the Community Redevelopment Law and the Redevelopment Plan. For purposes of this Agreement, the Fiscal Year beginning July 1, 1991, constitutes "Fiscal Year 1" and each succeeding Fiscal Year is consecutively numbered thereafter, with the final Fiscal Year ("Final Fiscal Year") constituting the Fiscal Year commencing July 1, 2035.

g. "Project" means the Clearlake Redevelopment Project entitled "Highlands Park Community Development Project".

h. "Project Area" means the land area within the boundaries of the Highlands Park Community Development Project Area as shown and described in the Redevelopment Plan.

i. "Redevelopment Plan" means the Highlands Park Community Development Project.

Section 2. Payments. The Agency agrees that the County shall retain the following amounts of the County's share of Tax Increments which are payable to the Agency during each year of the Project:

*Payment is to County only
Library PMT was discharged
Per Section 8*

- 1991-96
- a. From Fiscal Year 1 through and including Fiscal Year 6, zero percent (0%).
 - b. For Fiscal Year 7 only, twenty-one percent (21%). 1997-98
 - c. For Fiscal Year 8 only, forty-two percent (42%). 1998-99
 - d. For Fiscal Year 9 only, sixty-three percent (63%). 1999-2000
 - e. For Fiscal Year 10 through Fiscal Year 45, eighty-five percent (85%). 2000-01

Section 3. Maximum Amount of Increment. Notwithstanding the provisions of Section 2 of this Agreement, the Agency agrees to pass through to the County one hundred percent (100%) of the amount of the County's Share of the Total Tax Increments which are payable to the Agency following receipt by the Agency of Total Tax Increments derived from the County's Share (exclusive of amounts passed through to the County pursuant to the provisions of Section 2 above) in the cumulative amount of EIGHT MILLION FOUR HUNDRED AND FIVE THOUSAND DOLLARS (\$8,405,000). Total
w/no
appts

Section 4. Prohibition on Excess Payments. In no event shall payments be made to the County by the Agency:

- a. Which would exceed the amount, annually, that the County would have received had the Agency not received tax increment revenue pursuant to Health and Safety Code Section 33670, as set forth in Section 702 of the Redevelopment Plan.

- b. For purposes other than those specified in Section 33401 and Section 33676 of the Community Redevelopment Law, or in violation of any other provision of the Community Redevelopment Law, or the laws of the State of California.

c. The receipt of which would cause the County to violate the expenditure limitation for the County under Article XIII.B of the California Constitution.

Section 5. Auditor-Controller. The Agency and the County hereby authorize and direct the County Auditor-Controller to pay directly to the County the payments to which it is entitled under this Agreement. The County Auditor-Controller is hereby directed to send to the Agency and County upon request an annual report which includes the supporting information and calculations used to determine the amounts paid to the County pursuant to this Agreement.

Section 6. Indebtedness of Agency. This Agreement shall constitute an indebtedness of the Agency incurred in carrying out the Project and a pledging of Tax Increments from the Project to repay such indebtedness under the provisions of Article XVI, Section 16 of the California Constitution, and Sections 33670 through 33677 of the Health and Safety Code.

Section 7. Subordination. The County agrees to subordinate its interest this Agreement and allow the Agency to pledge all or any portion of the Tax Increments otherwise payable to the County under this Agreement in order to secure the repayment of Agency indebtedness incurred for the Project; provided the Agency submits to the County evidence reasonably satisfactory to the County, the approval of which shall not be unreasonably withheld, demonstrating its ability to repay such indebtedness incurred for the Project without demand being made on the payments

due to the County under the terms of this Agreement. Any such demonstration shall include, without limitation, an assurance by the Agency that it will reimburse the County, in full for any payments which are due to the County and which the County agrees the Agency may use, if necessary, to repay any such indebtedness. Any such reimbursement payments shall be made on terms to be agreed upon by the Agency and the County. The review and approval of the Agency's evidence shall be limited to the ability of the Agency to incur and pay the indebtedness without demand being made on payments due the County.

It is recognized by the parties hereto that the Agency may finance improvements provided for in the Redevelopment Plan by means of tax allocation notes and bonds, and should Agency's bond counsel require nonsubstantive amendments to this Agreement in order to facilitate such bond sale or sales, the parties agree that consent to such amendments will not be unreasonably withheld.

Section 8. Agency Contribution for Library Projects. The Agency agrees to appropriate a sum of money, equaling a 1991 present value of \$280,000, to library capital improvement projects, as determined by the County and approved by the Agency. During the first Fiscal Year, the Agency shall appropriate \$95,000 to help finance the construction of the new County Library in the City of Clearlake. The remaining \$185,000 shall be increased by 7.5% annually and shall be appropriated by the Agency and made available to the Library Fund within twelve (12) years of this agreement. These appropriations are consistent with the Redevelopment Plan and

*gave
300,000 in 1991
for new
library*

are valid Redevelopment Projects. These appropriations are not "payments to affected taxing entities"; therefore, they are not subject to the provisions of Section 4 above.

Section 9. Transfer of County Parks to City. No later than 3 years from the date of this Agreement, ownership of the County's Redbud and Austin Parks shall be transferred to the City of Clearlake and the City will henceforth be responsible for the continued operation and maintenance of said parks, provided the City and the County reach an agreement to the terms and the conditions of the transfer. As soon as reasonably possible and prior to the expiration of 3 years from the date of this Agreement, County and City representatives shall meet to prepare an agreement specifying the terms and conditions (including financial aspects) of this property transfer.

Section 10. Transfer of Surplus Land to City. The County shall inventory all County-owned vacant parcels of land which are located within the City of Clearlake and determine which parcels are surplus to the County's and other taxing entities' current and future needs. Upon request of the City, County agrees to transfer ownership of such surplus parcels to the City at no cost to the City, no later than 3 years from the date of this agreement.

Section 11. Litigation. As consideration for this Agreement, the County agrees not to engage in any litigation to directly or indirectly test or challenge the validity of the Project, the Redevelopment Plan, the Final Environmental Impact Report, the Ordinance or this Agreement; however, this Section

shall not preclude the Agency from initiating a bond validation suit if it is deemed necessary by the Agency to assure adequate financing for the Project. This Section shall also not preclude any party from initiating any action to enforce the terms of this Agreement or to ensure compliance with Community Redevelopment Law. In the event litigation is initiated to enforce the terms of this Agreement or to ensure compliance with this Agreement and Community Redevelopment Law, the prevailing party of such litigation shall be entitled to its reasonable attorney fees and costs of suit.

Section 12. Suspension of Agreement. In the event litigation is initiated prior to December 31, 1990, by any party attacking the validity of the Redevelopment Plan, the Project, the Final Environmental Impact Report or the Ordinance, the effect of this Agreement shall be suspended and the Agency shall not have any obligations under this Agreement until a judgment becomes final upholding the validity of the Redevelopment Plan, the Project, the Final Environmental Impact Report or the Ordinance.

Section 13. Termination. The obligations of the Agency to make payments to the County pursuant to this Agreement shall terminate upon the earlier of the expiration or termination of the Redevelopment Plan, or of the provisions of the Redevelopment Plan authorizing the allocation to the Agency of Tax Increments for the Project, and upon such termination, all obligations of the Agency to make payments to the County shall cease.

Section 14. Amendment. This Agreement may be amended only by the written agreement of the parties hereto.

Section 15. Effective Date. This Agreement shall become effective as of the date the Ordinance adopting the Redevelopment Plan becomes effective. In the event the Ordinance does not become effective by December 31, 1990, this Agreement shall become null and void.

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

CLEARLAKE REDEVELOPMENT AGENCY



Caroline B Bonstaben

CITY OF CLEARLAKE

Caroline B Bonstaben

ATTEST: Gene R. Hoke
County Clerk

COUNTY OF LAKE

By: George Hoke
Deputy

L. A. Franklin
Chairman, Board of Supervisors

APPROVED AS TO FORM:
Cameron L. Reeves
County Counsel

AUDIT REVIEW:

Cameron L. Reeves

By: Kelly Slox



The within instrument is a correct copy of the document on file in this office

ATTEST:

7-9-90

GENE R. HOKE

County Clerk of
the
State of California
for
the

By: George Hoke