

**STAFF REPORT
TO
Oversight Board to the Successor Agency of the
South Tahoe Redevelopment Agency
Meeting July 25, 2014**

TO: Honorable Chair and Members of the Oversight Board to the Successor Agency to the South Tahoe Redevelopment Agency

FROM: Thomas Watson, Legal Counsel for Successor Agency

RE: Resolution of the Oversight Board to the Successor Agency of the South Tahoe Redevelopment Agency Approving Repayment of a Loan Incurred in Fiscal Year 2010-11 to Pay Remittance to the Supplemental Educational Revenue Augmentation Fund and Take Certain Related Actions

RECOMMENDATION:

Staff recommends that the Oversight Board adopt the attached Resolution (Attachment 1) regarding the repayment of the SERAF Loan (defined below) by the Successor Agency to the South Tahoe Redevelopment Agency (the "Successor Agency").

BACKGROUND:

Pursuant to AB X1 26 and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), the South Tahoe Redevelopment Agency (the "Former RDA") was dissolved as of February 1, 2012, and the Successor Agency to the South Tahoe Redevelopment Agency (the "Successor Agency") was constituted, and an Oversight Board was established.

Before dissolution, the Former RDA was required to maintain a Low and Moderate Income Housing Fund (the "Housing Fund") and deposit certain amounts of tax increment received by the Former RDA into the Housing Fund.

For fiscal year 2010-11, the Former RDA was required to make a remittance (the "FY 2010-11 SERAF Payment") to the El Dorado County Auditor-Controller for deposit into County Supplemental Educational Revenue Augmentation Fund. Pursuant to Section 33690.5(c) of the California Health and Safety Code ("HSC"), the Former RDA was permitted to, and did, incur a loan repayable to the Housing Fund to pay the FY 2010-11 SERAF Payment (the "SERAF Loan").

As of February 1, 2012, a portion of the SERAF Loan, in the amount of \$426,200, remains outstanding and unpaid.

Pursuant to HSC Section 34176(b), on January 30, 2012 the City Council of the City of South Lake Tahoe (the "City") adopted Resolution No. 2012-10 (Attachment 3) re-establishing the South Lake Tahoe Housing Authority (the "Authority") and designating Authority as the successor entity with respect to the housing assets and functions of the Former RDA (the "Housing Successor"). Pursuant to HSC Section 34171(d), the Housing Successor must establish and maintain a Low and Moderate Income Housing Asset Fund (the "Housing Asset Fund").

ISSUE AND DISCUSSION:

This item is before the Oversight Board to recognize the SERAF Loan constitutes an enforceable obligation pursuant to HSC Section 34171(d)(1)(G). HSC Section 34171(d)(1)(G) provides that amounts borrowed from, or payments owing to, the Housing Fund are enforceable obligations, provided that the Oversight Board approves a repayment schedule. SERAF Loan repayments, when made, will be deposited into the Housing Asset Fund and used for low and moderate income housing purposes.

HSC Section 34171(d)(1)(G) provides that amounts borrowed from, or payments owing to, the Housing Fund are enforceable obligations, provided that the Oversight Board approves a repayment schedule. SERAF Loan repayments, when made, will be deposited into the Housing Asset Fund and used for low and moderate income housing purposes.

Repayment Requirements

HSC section 34176(e)(6)(B) imposes a cap on the annual repayment amount for the SERAF Loan. Twice a year (on January 2 and June 1), taxing entities receive residual moneys ("Taxing Entities Residual"), if any, remaining in the Redevelopment Property Tax Trust Fund ("RPTTF"), after the County Auditor-Controller's disbursement of pass-through payments and disbursement to the Successor Agency for enforceable obligation payments and administrative costs allowance, as listed on the DOF-approved ROPS. Pursuant to HSC Section 34176(e)(6)(B), each fiscal year, the SERAF Loan repayment must not exceed one-half of the increase between the amount of the Taxing Entities Residual in that fiscal year and Taxing Entities Residual in the 2012-13 base year.

The Successor Agency Board of Directors adopted Resolution No. 2014-5 on July 15, 2014, requesting the Oversight Board to: (i) authorize the inclusion of a line item on the Successor Agency's future ROPS for the repayment of the SERAF Loan, up to the annual cap under HSC Section 34176(e)(6), until the SERAF Loan is paid in full, and (ii) approve the repayment in this manner as the repayment schedule for the purposes of HSC Section 34171(d)(1)(G).

FINANCIAL AND/OR POLICY IMPLICATIONS:

If the Oversight Board adopts the attached Resolution (and the resolution is subsequently approved by the DOF), the Successor Agency will be able to include the SERAF Loan on future ROPS. The amount of each repayment will be subject to the availability of RPTTF funds and the other requirements of AB 1484.

CONCLUSION:

Staff recommends that Oversight Board Directors adopt the attached Resolution to: (i) authorize the inclusion of a line item on future ROPS, for the repayment of the SERAF Loan up to the maximum repayment amount calculated in accordance with HSC Section 34176(e)(6), and (ii) recognize that such repayment shall constitute the repayment schedule of the SERAF Loan for the purposes of HSC Section 34171(d)(1)(G), and approve such repayment schedule.

By:



Thomas Watson,
Legal Counsel for Successor Agency
of the Former Redevelopment Agency

Attachments:

1. Resolution for Adoption
2. Resolution No. 2014-5 adopted by the Successor Agency, on July 15, 2014
3. Resolution No. 2012-10 of the City of South Lake Tahoe adopted January 30, 2012
Re-Establishing Housing Authority ("Authority") and Designating Authority as RDA
Successor Housing entity
4. SERAF Loan Agreement

Attachment 1

RESOLUTION
for Adoption

RESOLUTION NO. _____

RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE SOUTH TAHOE REDEVELOPMENT AGENCY APPROVING REPAYMENT OF A LOAN INCURRED IN FISCAL YEAR 2010-11 TO PAY REMITTANCE TO THE SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND AND TAKE CERTAIN RELATED ACTIONS

WHEREAS, the South Tahoe Redevelopment Agency (the "Former RDA") was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law (the "Redevelopment Law") set forth in Section 33000 et seq. of the Health and Safety Code ("HSC") of the State of California (the "State"); and

WHEREAS, pursuant to HSC 33334.2, the Former RDA was required to maintain a Low and Moderate Income Housing Fund (the "Housing Fund") and deposit certain amounts of tax increment received by the Former RDA into the Housing Fund; and

WHEREAS, pursuant to HSC Section 33690.5(a), the Former RDA was required to make a remittance (the "FY 2010-11 SERAF Payment") to the El Dorado County Auditor-Controller for deposit into the County Supplemental Educational Revenue Augmentation Fund for fiscal year 2010-11; and

WHEREAS, pursuant to HSC Section 33690.5(c), the Former RDA was permitted to, and did, incur a loan repayable to the Housing Fund (the "SERAF Loan") to pay the FY 2010-11 SERAF Payment; and

WHEREAS, pursuant to AB X1 26 (enacted in June 2011), and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal.4th 231(2011), the Former RDA was dissolved as of February 1, 2012, the Successor Agency was established, and an oversight board to the Successor Agency (the "Oversight Board") was established, and

WHEREAS, as of the date of this Resolution, a portion of the SERAF Loan remains outstanding and unpaid, and

WHEREAS, pursuant to HSC Section 34176(b), on January 30, 2012, the City Council of the City of South Lake Tahoe (the "City") adopted Resolution No. 2012-10 re-establishing the South Lake Tahoe Housing Authority ("Authority") and designating the Authority as the successor entity with respect to the housing assets and functions of the Former RDA (the "Housing Successor"), and

WHEREAS, pursuant to HSC Section 34171(d), all funds transferred to the Housing Successor and all funds generated from housing assets must be maintained in a Low and Moderate Income Housing Asset Fund (the "Housing Asset Fund"), established and held by the Housing Successor, and

WHEREAS, pursuant to HSC Section 34171(d)(1)(G), the SERAF Loan constitutes an enforceable obligation; provided that the repayment schedule must be approved by the Oversight Board, and repayments must be transferred to the Housing Asset Fund and used in a manner consistent with the affordable housing requirements of the Redevelopment Law, and

WHEREAS, pursuant to HSC Section 34176(e)(6)(B), the aggregate repayment amount authorized each fiscal year for the SERAF Loan shall not exceed one-half of the increase between the amount distributed to taxing entities pursuant to HSC Section 34183(a)(4) in that fiscal year and the amount distributed to taxing entities pursuant to HSC Section 34183(a)(4) in the 2012-13 base year, and

WHEREAS, pursuant to HSC Sections 34176(e)(6)(B) and 34191.4(b), the repayment of the SERAF Loan will have priority over the repayment of any loan between the City and the Former RDA re-established pursuant to HSC Section 34191.4(b) (the "Re-established City Loan"), and the SERAF Loan will be repaid in full before any repayment of the Re-established Loan; and

WHEREAS, pursuant to HSC Section 34177(l), the Successor Agency must prepare a Recognized Obligation Payment Schedule ("ROPS") for each six-month fiscal period ("ROPS Period"), and

WHEREAS, the Successor Agency desires to include the repayment of the SERAF Loan on future ROPS; and

WHEREAS, the Oversight Board has received a copy of Resolution No. 2014-5, adopted by the Board of Directors of the Successor Agency on July 15, 2014.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SOUTH TAHOE REDEVELOPMENT SUCCESSOR AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby authorizes the inclusion of a line item on future ROPS, for the repayment of the SERAF Loan, up to the maximum repayment amount calculated in accordance with HSC Section 34176(e)(6), until the SERAF Loan has been paid in full.

Section 3. The repayment of the SERAF Loan as described in Section 2 shall constitute the repayment schedule of the SERAF Loan for the purposes of HSC Section 34171(d)(1)(G). The Oversight Board hereby approves such repayment schedule.

Section 4. The members of the Oversight Board and the officers of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all instruments which they may deem necessary or advisable in order to effectuate the purposes of this Resolution.

PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the South Tahoe Redevelopment Agency at a duly noticed meeting held on July 25, 2014 by the following vote:

AYES: Members _____

NOES: Members _____

ABSTAIN: Members _____

ABSENT: Members _____

ATTEST:

Ellen Palazzo, Secretary

Hal Cole, Chair

Attachment 2

Successor Agency

Resolution No. 2014-5

Adopted by the Board of Directors of the
Successor Agency, on July 15, 2014

RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH
TAHOE REDEVELOPMENT SUCCESSOR AGENCY REQUESTING
THE OVERSIGHT BOARD TO APPROVE REPAYMENT OF A LOAN
INCURRED IN FISCAL YEAR 2010-11 TO PAY REMITTANCE TO THE
SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND
AND TAKE CERTAIN RELATED ACTIONS**

WHEREAS, the South Tahoe Redevelopment Agency (the "Former RDA") was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law (the "Redevelopment Law") set forth in Section 33000 et seq. of the Health and Safety Code ("HSC") of the State of California (the "State"); and

WHEREAS, pursuant to HSC 33334.2, the Former RDA was required to maintain a Low and Moderate Income Housing Fund (the "Housing Fund") and deposit certain amounts of tax increment received by the Former RDA into the Housing Fund; and

WHEREAS, pursuant to HSC Section 33690.5(a), the Former RDA was required to make a remittance (the "FY 2010-11 SERAF Payment") to the El Dorado County Auditor-Controller for deposit into the County Supplemental Educational Revenue Augmentation Fund for fiscal year 2010-11; and

WHEREAS, pursuant to HSC Section 33690.5(c), the Former RDA was permitted to, and did, incur a loan repayable to the Housing Fund (the "SERAF Loan") to pay the FY 2010-11 SERAF Payment; and

WHEREAS, pursuant to AB X1 26 (enacted in June 2011), and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal.4th 231(2011), the Former RDA was dissolved as of February 1, 2012, the Successor Agency was established, and an oversight board to the Successor Agency (the "Oversight Board") was established, and

WHEREAS, as of the date of this Resolution, a portion of the SERAF Loan remains outstanding and unpaid, and

WHEREAS, pursuant to HSC Section 34176(b), on January 30, 2012 the City Council of the City of South Lake Tahoe (the "City") adopted Resolution No. 2012-10 re-establishing the South Lake Tahoe Housing Authority ("Authority") and designating the Authority as the successor entity with respect to the housing assets and functions of the Former RDA (the "Housing Successor"), and

WHEREAS, pursuant to HSC Section 34171(d), all funds transferred to the Housing Successor and all funds generated from housing assets must be maintained in a Low and Moderate Income Housing Asset Fund (the "Housing Asset Fund"), established and held by the Housing Successor, and

WHEREAS, pursuant to HSC Section 34171(d)(1)(G), the SERAF Loan constitutes an enforceable obligation; provided that the repayment schedule must be approved by the Oversight Board, and repayments must be transferred to the Housing Asset Fund and used in a manner consistent with the affordable housing requirements of the Redevelopment Law, and

WHEREAS, pursuant to HSC Section 34176(e)(6)(B), the aggregate repayment amount authorized each fiscal year for the SERAF Loan shall not exceed one-half of the increase between the amount distributed to taxing entities pursuant to HSC Section 34183(a)(4) in that fiscal year and the amount distributed to taxing entities pursuant to HSC Section 34183(a)(4) in the 2012-13 base year, and

WHEREAS, pursuant to HSC Sections 34176(e)(6)(B) and 34191.4(b), the repayment of the SERAF Loan will have priority over the repayment of any loan between the City and the Former RDA re-established pursuant to HSC Section 34191.4(b) (the "Re-established City Loan"), and the SERAF Loan will be repaid in full before any repayment of the Re-established Loan; and

WHEREAS, pursuant to HSC Section 34177(l), the Successor Agency must prepare a Recognized Obligation Payment Schedule ("ROPS") for each six-month fiscal period ("ROPS Period"), and

WHEREAS, the Successor Agency desires to include the repayment of the SERAF Loan on future ROPS;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SOUTH TAHOE REDEVELOPMENT SUCCESSOR AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Board hereby requests the Oversight Board to: (i) authorize the inclusion of a line item on future ROPS, for the repayment of the SERAF Loan, up to the maximum repayment amount calculated in accordance with HSC Section 34176(e)(6), until the SERAF Loan has been paid in full; and (ii) recognize that the repayment of the SERAF Loan as described above shall constitute the repayment schedule of the SERAF Loan for the purposes of HSC Section 34171(d)(1)(G) and approve such repayment schedule.

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Section 3. The officers of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all instruments which they may deem necessary or advisable in order to effectuate the purposes of this Resolution.

PASSED AND ADOPTED by the Board of Directors of the Successor Agency of the South Tahoe Redevelopment Agency at a duly noticed meeting held on July 15, 2014 by the following vote:

AYES: Councilmembers _____

NOES: Councilmembers _____

ABSTAIN: Councilmembers _____

ABSENT: Councilmembers _____

ATTEST:

Susan Alessi, Agency Secretary

Hal Cole, Chair

Attachment 3

Resolution 2012-10
of the City of South Lake Tahoe
adopted January 30, 2012
Re-Establishing Housing Authority and
Designating Authority as RDA
Successor Housing entity

CITY COUNCIL RESOLUTION NO. 2012-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH LAKE TAHOE REESTABLISHING THE CITY OF SOUTH LAKE TAHOE HOUSING AUTHORITY AND MAKING AN ELECTION IN CONNECTION WITH HOUSING ASSETS AND FUNCTIONS UNDER PART 1.85 OF DIVISION 24 OF THE CALIFORNIA HEALTH AND SAFETY CODE AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH

Whereas, AB X1 26 and AB X1 27 were signed by the Governor of California on June 29, 2011, making certain changes to the Community Redevelopment Law (Part 1 (commencing with §33000) of Division 24 of the California Health and Safety Code) (the "Redevelopment Law"), including adding Part 1.8 (commencing with §34161) ("Part 1.8") and Part 1.85 (commencing with §34170) ("Part 1.85"); and

Whereas, The California Redevelopment Association and League of California Cities filed a lawsuit in the Supreme Court of California (*California Redevelopment Association, et al. v. Matosantos, et al.* (Case No. S194861)) alleging that AB X1 26 and AB X1 27 are unconstitutional. On December 29, 2011, the Supreme Court issued its opinion in the *Matosantos* case, largely upholding AB X1 26, invalidating AB X1 27, and holding that AB X1 26 may be severed from AB X1 27 and enforced independently; and

Whereas, The Supreme Court generally revised the effective dates and deadlines for performance of obligations in Part 1.85 arising before May 1, 2012, to take effect four months later; and

Whereas, As a result of the Supreme Court's decision, the South Tahoe Agency (the "Redevelopment Agency"), a redevelopment agency in the City of South Lake Tahoe (the "City"), created pursuant to the Redevelopment Law, was dissolved pursuant to Part 1.85 on February 1, 2012; and

Whereas, Health and Safety Code §34176(a) authorizes a city that created a redevelopment agency to elect to retain the housing assets and functions previously performed by the redevelopment agency. Pursuant to §34176(a), if a city elects to retain the responsibility for performing housing functions previously performed by the redevelopment agency, all rights, powers, duties, and obligations, excluding any amounts on deposit in the Low and Moderate Income Housing Fund, shall be transferred to the City; and

Whereas, Health and Safety Code §34176(b) provides that if a city does not elect to retain the responsibility for performing housing functions previously performed by the redevelopment agency, all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the redevelopment agency, excluding any amounts in the Low and Moderate Income Housing Fund, shall be transferred as follows: (1) where there is no local housing authority in the territorial jurisdiction of the

former redevelopment agency, to the Department of Housing and Community Development; (2) where there is one local housing authoring in the territorial jurisdiction of the former redevelopment agency, to that local housing authority; and (3) where there is more than one local housing authority in the territorial jurisdiction of the former redevelopment agency, to the local housing authority selected by the city that authorized the creation of the redevelopment agency; and

Whereas, Health and Safety 34176(c) provides that the entity assuming the housing functions formerly performed by the redevelopment agency may enforce affordability covenants and perform related activities pursuant to applicable provisions of the Redevelopment Law, including, but not limited to, Health and Safety Code §33418; and

Whereas, On November 17, 1998 the City of South Lake Tahoe and the former South Tahoe Redevelopment Agency entered into a Memorandum of Understanding (MOU) authorizing the City of South Lake Tahoe to operate the local Housing Authority in the territorial jurisdiction of the former redevelopment agency, provide staffing for such activities, and implement all housing activities while the former redevelopment agency would provide funding from the Low and Moderate Income Housing Fund for all such operations; and

Whereas, the City Council desires to adopt this resolution in connection with any housing assets and functions previously performed by the Redevelopment Agency.

NOW, THEREFORE, THE CITY COUNCIL HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

1. The above recitals are true and correct and are a substantive part of this Resolution.
2. This Resolution is adopted pursuant to Health and Safety Code §34176.
3. Pursuant to Health and Safety Code §34176(a), the City Council hereby elects for the City to retain all of its housing assets, as allowed by law, and functions previously performed by the Redevelopment Agency and the City of South Lake Tahoe Housing Authority and hereby accepts the transfer of all rights, powers, duties, and obligations associated with the housing activities of the Redevelopment Agency.
4. The City Council reserves its right to rescind this election and to subsequently determine that all of the rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the Redevelopment Agency shall be transferred to the housing authority selected by the City.
5. The officers and staff of the City are hereby authorized and directed, jointly and severally, to make all notifications of the Council's election, as set forth in §3 hereof, as deemed necessary or advisable and to execute all documents and take all

actions which they may deem necessary or advisable to effectuate this Resolution, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

6. The adoption of this Resolution is not intended to and shall not constitute a waiver by the City of any right the City may have to challenge the legality of all or any portion of AB X1 26 through administrative or judicial proceedings.

7. This Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, §§ 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines. The City Council has determined that this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines §15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment. (Guidelines §15378(b) (5)).

8. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of South Lake Tahoe on January 30, 2012, by the following vote.

AYES: Councilmember(s) FORTIER, DAVIS, COLE & GREGO

NOES: Councilmember(s) _____

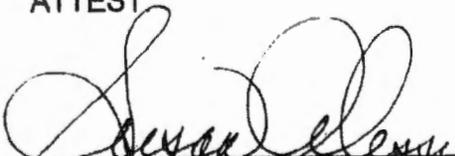
ABSENT: Councilmember(s) SWANSON

ABSTAIN: Councilmember(s) _____



Claire Fortier, Mayor

ATTEST:



Susan Alessi, City Clerk



Attachment 4

SERAF Loan Agreement

SOUTH TAHOE REDEVELOPMENT AGENCY

RESOLUTION NO. 2011 - 2

A RESOLUTION OF THE SOUTH TAHOE REDEVELOPMENT AGENCY AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT FROM THE SOUTH TAHOE REDEVELOPMENT AGENCY'S LOW TO MODERATE INCOME HOUSING FUND (262) TO THE SOUTH TAHOE REDEVELOPMENT AGENCY TO ENABLE THE AGENCY TO MAKE ITS 2010/2011 FISCAL YEAR SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION PAYMENT (SERAF) AS REQUIRED BY THE STATE OF CALIFORNIA;

WHEREAS, pursuant to section 33334.2 of the California Health & Safety Code (the "Code"), the South Tahoe Redevelopment Agency has established a Low and Moderate Income Housing Fund; and

WHEREAS, pursuant to section 33690 of the Code, for fiscal year 2010-11 the Agency was required to make a payment to the El Dorado County Supplemental Educational Revenue Augmentation Fund in the amount of \$426,210 (the SERAF payment); and

WHEREAS, section 33690 permits the Agency to borrow said money from the Housing Fund in order to make the SERAF payment;

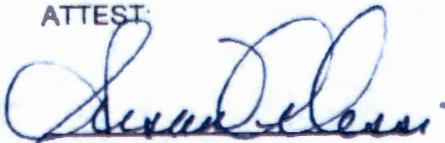
IT IS NOW THEREFORE RESOLVED THAT:

To authorize the execution of a Loan Agreement from the Low and Moderate Income Housing Fund to the South Tahoe Redevelopment Agency for the purpose of paying the FY 2010-11 Supplemental Educational Revenue Augmentation Payment.

PASSED AND ADOPTED by the City Council of the City of South Lake Tahoe at a regular meeting on March 1, 2011 by the following vote:

AYES: Board Member(s) COLE, FORTIER, GREGO & SWANSON
NOES: Board Member(s) _____
ABSENT: Board Member(s) DAVIS
ABSTAIN: Boars Member(s) _____

ATTEST:



Susan Alessi, Agency Secretary



Hal Cole, Chair

SOUTH TAHOE REDEVELOPMENT AGENCY

Interfund Loan Agreement

This Loan Agreement (the "Agreement") is executed as of March 1, 2011 by and between the South Tahoe Redevelopment Agency Low-Moderate Income Housing Fund (262) ("Lender") and the South Tahoe Redevelopment Agency ("Borrower"). Lender agrees to lend to Borrower for the purpose of financing the SERAF payment to the State of California for Fiscal Year 2010/2011 in the amount of FOUR HUNDRED TWENTY SIX THOUSAND TWO HUNDRED TEN DOLLARS AND NO CENTS (\$426,210). The terms of the agreement are as follows:

1. Terms of the Loan: The term of this loan shall be Five (5) years beginning March 1, 2011 and will be fully repaid by June 30, 2016.
2. Interest: There shall be no interest on the Loan.
3. Payment: Payment will be due on or before June 30, 2016.
4. General Provisions:
 - a. This agreement constitutes the full Agreement by and between the parties and no other representations have been made regarding the contents of this agreement.
 - b. This agreement shall not be amended, modified, or altered in any respect unless such amendment, modification or alteration has been reduced to writing and executed by the parties.

Lender: South Tahoe Redevelopment Agency Low-Moderate Income Housing Fund (262)

Borrower: South Tahoe Redevelopment Agency

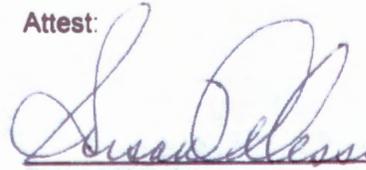
Signatures:

Approved:



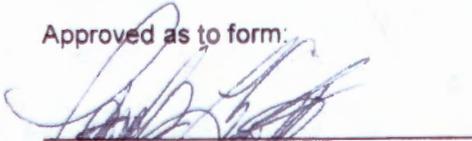
Hal Cole
Agency Chair

Attest:



Susan Alessi
Agency Secretary

Approved as to form:



Patrick Enright
Agency Attorney

Attachment:
Letter from Department of Finance date November 12, 2010

CENTRAL RECORDS

FILE No.: 1047

R-1-11

2010-11 Redevelopment Agency SERAF Shift Health and Safety Code Section 33690.5					
Redevelopment Agency Name	2006-07 Tax Increment Net of Pass- Throughs	2006-07 Gross Tax Increment	175,000,000 on Net Tax Increment Based on Net Factor (0.0465534652)	175,000,000 on Net Tax Increment Based on Gross Factor (0.0369323105)	Total SERAF
Redevelopment Agency of the City of South Lake Tahoe	5,003,075	5,233,873	232,910	193,299	426,210