

**STAFF REPORT**

**TO: HONORABLE MAYOR / CHAIR AND CITY COUNCIL / BOARD MEMBERS**

**FROM: ROBERT PERRAULT, CITY MANAGER / EXECUTIVE DIRECTOR  
GAYLA CHAPMAN, ADMINISTRATIVE SERVICES DIRECTOR / FINANCE OFFICER  
MARTIN D. KOCZANOWICZ, CITY ATTORNEY / AGENCY COUNSEL**

**SUBJECT: CONSIDERATION OF APPROVAL OF AMENDED LOAN AGREEMENTS  
BETWEEN THE CITY OF GROVER BEACH AND GROVER BEACH  
IMPROVEMENT AGENCY ACCELERATING REPAYMENT OF  
OUTSTANDING LOANS TO THE CITY**

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**BACKGROUND**

In order to ensure a successful initiation of both Improvement Areas established in the City's boundaries, certain amounts were loaned by the City to the Agency from the General Fund, as well as the Water and Sewer Funds. The three loans include a loan from the General Fund with the outstanding balance of \$463,062.79 for Area 2; one loan from the Water Fund for startup costs of Area 1 with the outstanding balance of \$906,546.97; and one loan from the Waste Water Fund for West Grand Avenue Improvements in Area 1 with an outstanding balance of \$450,000.00.

The Agency has been making certain periodic payments to the City in satisfaction of the owed amounts. However, due to the current difficult economic situation that has put undue stress on the City's budget and in view of potential availability of funds from which these loans can be repaid, staff recommends that accelerated repayment of amounts owed by the Agency to the City take place as soon as possible and that in consideration of the repayment, the City waives interest for FY 11.

**DISCUSSION**

At the last Council/Agency meeting, staff received authorization to move forward with efforts to obtain bond proceeds secured by the tax increment, with the intent of using these proceeds for repayment of the loans and potentially other eligible projects.

Attached to the staff report are draft amended loan agreements that set out repayment of the loans as proposed by staff and the amortization schedules for these loans in the event that accelerated repayment can't occur. If repaid, the funds must be spent by the City on capital improvement or other eligible projects within three (3) years of receipt.

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**APPROVED FOR FORWARDING**



**ROBERT PERRAULT  
CITY MANAGER / EXECUTIVE DIRECTOR**

**Please Review for the Possibility of a  
Potential Conflict of Interest:**

- |  |                                   |
|--|-----------------------------------|
| <input checked="" type="checkbox"/> None Identified by Staff | <input type="checkbox"/> Bright   |
| <input type="checkbox"/> Shoals                              | <input type="checkbox"/> Molnar   |
| <input type="checkbox"/> Nicolls                             | <input type="checkbox"/> Peterson |

Meeting Date: June 6, 2011

Agenda Item No. CC/IA-3

## **ALTERNATIVES**

The City Council/Agency has the following alternatives to consider:

1. Approve the Amended Loan Agreements and amortization schedules as presented and authorize the Chair to execute them on behalf of the Agency and the Mayor to execute them on behalf of the City.
2. Provide alternate direction to staff.

## **RECOMMENDED ACTION**

It is recommended that the City Council and Agency Board approve the loan agreements as presented and authorize the Chair and Mayor to execute them on behalf of the respective agencies.

## **FISCAL IMPACT**

Approval of the Amended Loan Agreements will provide repayment of funds to the Water, Waste Water, and General Funds.

## **PUBLIC NOTIFICATION**

The agenda was posted in accordance with the Brown Act.

## **Attachments**

Three Loan Agreements for Repayment to the:

1. General Fund
2. Water Fund, and
3. Waste Water Fund

**AMENDED LOAN REPAYMENT AGREEMENT  
TO THE CITY OF GROVER BEACH GENERAL FUND**

THIS AMENDED LOAN REPAYMENT AGREEMENT ("Agreement") is entered into as of June 6, 2011, by and between the CITY OF GROVER BEACH ("City") and IMPROVEMENT AGENCY OF THE CITY OF GROVER BEACH ("Agency").

**WITNESSETH:**

WHEREAS, the City Council has approved, adopted and previously amended, from time to time, redevelopment plans for two redevelopment project areas within the City of Grover Beach, known as Area 1 and Area 2 projects, (collectively referred to as the "Plan"); and

WHEREAS, the Agency is vested with the responsibility to carry out, in the City of Grover Beach, the Plan, which was approved and adopted by the Agency and City Council; and

WHEREAS, in order to assist the Agency with startup costs in Area 2 and in carrying out its redevelopment activities, the City has loaned funds to the Agency from the General Fund in accordance with cooperation and repayment agreements; and

WHEREAS, the Agency has been repaying the debt to the City when funds were available, including interest rate based on the Local Agency Investment Fund; and

WHEREAS, in light of the recent approvals by the Agency and City of bonded indebtedness and the Agency's potential future efforts to issue bonded indebtedness that will be secured by the property tax increments from the Plan areas, and other recent circumstances that have occurred affecting the financing of redevelopment projects throughout the State, the Agency and City desire to amend the repayment terms and conditions by entering into this Agreement to provide for new consideration for an accelerated repayment of the loans and also to establish a new amortization schedule in the event that such accelerated repayment does not occur.

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

Section 1. Repayment of Advances

a. The Agency and City acknowledge and agree that, as of June 30, 2010, the total amount owed by the Agency to the City's General Fund for the startup costs of Area 2 is \$463,062.79 and any accrued interest, which is hereby forgiven ("Loan"). The owed amount shall hereafter be repaid by the Agency to the City, with interest, pursuant to the terms set forth in this Agreement.

b. The Agency hereby pledges its tax increment for the repayment of the Loan. It is the intent of the Parties that the Loan be repaid in one full payment of \$463,062.79 as soon as the Agency receives the bond proceeds from the transaction most recently approved by the City Council and the Agency, but no later than August 1, 2011. In the event that such bonds proceeds

are not available for any reason by the agreed upon date, Agency shall make annual payments to the City, in the amounts and at the times set forth in the Payment Schedule attached hereto as **Exhibit A** and incorporated herein by reference. Generally, the parties agree that the Loan will accrue simple interest at the rate of one-half percent (1/2%) per annum. Each annual payment shall be due June 30 of each year (the last day of the applicable fiscal year). Each payment shall be credited first to interest then due and the remainder to principal.

c. The City hereby agrees that the pledge of tax increment and obligation of the Agency to make annual payments to the City pursuant to this Agreement shall be fully subordinate to obligations of the Agency for the following: (1) existing agreements; (2) annual obligations required under the Community Redevelopment Law; and (3) to repay any Bonds and to all other obligations of the Agency under the indentures of trust pursuant to which the Bonds are issued.

d. Payments shall be made to the City at the following address: 154 S. Eighth Street, Grover Beach, CA 93433.

e. In the event that adoption of legislation is imminent, or legislation is adopted whereby the Agency is disestablished, prohibited from continuing activities or making any new agreements for non-affordable housing related matters under the Community Redevelopment Law, then the outstanding amount of the Loan shall be immediately due and payable, subject to any amounts owed as outlined in Section 1(c) above. The Agency may repay the City with any cash or real-property assets that it holds, or from the proceeds from the Redevelopment Tax Increment, as partial satisfaction of the Loan.

f. In the event the cash and real property assets held by the Agency are insufficient to repay the Loan in full, then the Agency (or its successor entity) shall still have the obligation to repay the full amount of the Loan, with available cash and real property assets, or from the proceeds from the Redevelopment Tax Increment, along with future tax increment, at the times set forth in the **Exhibit A**.

g. City and Agency acknowledge that the repayment of the Loan with proceeds of the Redevelopment Tax Increment is permitted as the original loan from the City to the Agency was to finance redevelopment activities of the Agency within or of benefit to one or more of the Redevelopment Project Areas.

## Section 2. Defaults

a. Agency's failure to pay any amount due hereunder within fifteen (15) days of its due date after notice to Agency shall be considered an event of default under this Agreement.

b. Upon the occurrence of any event of default and expiration of any applicable cure period at the option of the City after thirty (30) days prior written notice, the entire unpaid balance of principal and all accrued interest owing under this Agreement shall become immediately due and payable. City's failure in the exercise of any other right or remedy hereunder or under any agreement which secures the indebtedness or is related thereto shall not

affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof.

Section 3. Costs of Enforcement

Agency agrees to pay the following costs, expenses and attorneys' fees paid or incurred by the City or adjudged by a Court: (1) reasonable costs of collection, costs and expenses, and reasonable attorneys' fees paid or incurred in connection with the collection, enforcement for this Second Amended Agreement, or of any covenant of this Agreement, whether or not suit is filed; (2) costs of suit and such sums the Court may adjudge as attorneys' fees in any action to enforce payment of all amounts due under this Agreement or any part of it; and (3) costs of suit and such sum as the Court may adjudge as reasonable attorneys' fees in any other litigation or controversy connected with the enforcement of this Agreement.

Section 4. Waivers

Except as provided above, Agency and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without any way affecting or discharging this liability.

Section 5. Assignment and Assumption

This Agreement shall be binding upon Agency, its successors and assigns. This Agreement is not transferable by the Agency, and the Agency shall not assign its rights and obligations hereunder without the prior written consent of the City. The City may at its option negotiate transfer or assumption of this agreement.

Section 6. Governing Law

This Agreement shall be construed in accordance with and be governed by the laws of the State of California.

Section 7. Integration

This Agreement represents the entire understanding of the parties as to those matters contained herein and supersedes all prior negotiations, representations, or agreements, both written and oral. This Agreement may not be modified or altered except by written amendment executed by both parties.

Section 8. Partial Invalidity

If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Section 9. Termination of Prior Agreements

It is the intent of the parties that this Agreement shall replace in its entirety any prior agreements between the parties pertaining to the repayment of the Loan. Any such prior agreements by the parties shall hereafter be of no further force and effect.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have executed this Agreement on the day and year first above written.

**CITY OF GROVER BEACH**

By: \_\_\_\_\_  
JOHN P. SHOALS, MAYOR "CITY"

**IMPROVEMENT AGENCY OF THE  
CITY OF GROVER BEACH**

By: \_\_\_\_\_  
JOHN P. SHOALS, CHAIR "AGENCY"

Attest:

\_\_\_\_\_  
Donna L. McMahon, City Clerk / Agency Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Martin D. Koczanowicz, City Attorney / Agency Counsel

# City of Grover Beach & Grover Beach Improvement Agency Area Two

## Amortization Schedule

General Fund Loan to Agency Area Two for Start-up Costs

Loan Amount of \$463,062.79

Payment Number	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
	6/30/2011	\$ 463,062.79	\$ 50,000.00	\$ -	\$ 50,000.00	\$ 50,000.00	\$ -	\$ 413,062.79	\$ -
	7/1/2011	\$ 413,062.79	\$ 100,000.00	\$ -	\$ 100,000.00	\$ 100,000.00	\$ -	\$ 313,062.79	\$ -
1	6/30/2012	\$ 313,062.79	\$ 11,263.66	\$ -	\$ 11,263.66	\$ 9,698.35	\$ 1,565.31	\$ 303,364.44	\$ 1,565.31
2	6/30/2013	303,364.44	11,263.66	-	11,263.66	9,746.84	1,516.82	293,617.61	3,082.14
3	6/30/2014	293,617.61	11,263.66	-	11,263.66	9,795.57	1,468.09	283,822.03	4,550.22
4	6/30/2015	283,822.03	11,263.66	-	11,263.66	9,844.55	1,419.11	273,977.48	5,969.33
5	6/30/2016	273,977.48	11,263.66	-	11,263.66	9,893.77	1,369.89	264,083.71	7,339.22
6	6/30/2017	264,083.71	11,263.66	-	11,263.66	9,943.24	1,320.42	254,140.47	8,659.64
7	6/30/2018	254,140.47	11,263.66	-	11,263.66	9,992.96	1,270.70	244,147.51	9,930.34
8	6/30/2019	244,147.51	11,263.66	-	11,263.66	10,042.92	1,220.74	234,104.59	11,151.08
9	6/30/2020	234,104.59	11,263.66	-	11,263.66	10,093.14	1,170.52	224,011.45	12,321.60
10	6/30/2021	224,011.45	11,263.66	-	11,263.66	10,143.60	1,120.06	213,867.84	13,441.66
11	6/30/2022	213,867.84	11,263.66	-	11,263.66	10,194.32	1,069.34	203,673.52	14,511.00
12	6/30/2023	203,673.52	11,263.66	-	11,263.66	10,245.29	1,018.37	193,428.23	15,529.37
13	6/30/2024	193,428.23	11,263.66	-	11,263.66	10,296.52	967.14	183,131.71	16,496.51
14	6/30/2025	183,131.71	11,263.66	-	11,263.66	10,348.00	915.66	172,783.71	17,412.17
15	6/30/2026	172,783.71	11,263.66	-	11,263.66	10,399.74	863.92	162,383.97	18,276.09
16	6/30/2027	162,383.97	11,263.66	-	11,263.66	10,451.74	811.92	151,932.23	19,088.01
17	6/30/2028	151,932.23	11,263.66	-	11,263.66	10,504.00	759.66	141,428.23	19,847.67
18	6/30/2029	141,428.23	11,263.66	-	11,263.66	10,556.52	707.14	130,871.71	20,554.81
19	6/30/2030	130,871.71	11,263.66	-	11,263.66	10,609.30	654.36	120,262.41	21,209.17
20	6/30/2031	120,262.41	11,263.66	-	11,263.66	10,662.35	601.31	109,600.06	21,810.48
21	6/30/2032	109,600.06	11,263.66	-	11,263.66	10,715.66	548.00	98,884.40	22,358.48
22	6/30/2033	98,884.40	11,263.66	-	11,263.66	10,769.24	494.42	88,115.16	22,852.90
23	6/30/2034	88,115.16	11,263.66	-	11,263.66	10,823.08	440.58	77,292.07	23,293.48
24	6/30/2035	77,292.07	11,263.66	-	11,263.66	10,877.20	386.46	66,414.87	23,679.94
25	6/30/2036	66,414.87	11,263.66	-	11,263.66	10,931.59	332.07	55,483.29	24,012.01
26	6/30/2037	55,483.29	11,263.66	-	11,263.66	10,986.24	277.42	44,497.04	24,289.43
27	6/30/2038	44,497.04	11,263.66	-	11,263.66	11,041.18	222.49	33,455.87	24,511.91
28	6/30/2039	33,455.87	11,263.66	-	11,263.66	11,096.38	167.28	22,359.49	24,679.19
29	6/30/2040	22,359.49	11,263.66	-	11,263.66	11,151.86	111.80	11,207.62	24,790.99
30	6/30/2041	11,207.62	11,263.66	-	11,207.62	11,151.58	56.04	0.00	24,847.03

**AMENDED LOAN REPAYMENT AGREEMENT  
TO THE CITY OF GROVER BEACH WATER FUND**

THIS AMENDED LOAN REPAYMENT AGREEMENT ("Agreement") is entered into as of June 6, 2011, by and between the CITY OF GROVER BEACH ("City") and IMPROVEMENT AGENCY OF THE CITY OF GROVER BEACH ("Agency").

**WITNESSETH:**

WHEREAS, the City Council has approved, adopted and previously amended, from time to time, redevelopment plans for two redevelopment project areas within the City of Grover Beach, known as Area 1 and Area 2 projects, (collectively referred to as the "Plan"); and

WHEREAS, the Agency is vested with the responsibility to carry out, in the City of Grover Beach, the Plan, which was approved and adopted by the Agency and City Council; and

WHEREAS, in order to assist the Agency with startup costs in Area 1 and in carrying out its redevelopment activities, the City has loaned funds to the Agency from the Water Fund in accordance with cooperation and repayment agreements; and

WHEREAS, the Agency has been repaying the debt to the City when funds were available, including interest rate based on the Local Agency Investment Fund; and

WHEREAS, in light of the recent approvals by the Agency and City of bonded indebtedness and the Agency's potential future efforts to issue bonded indebtedness that will be secured by the property tax increments from the Plan areas, and other recent circumstances that have occurred affecting the financing of redevelopment projects throughout the State, the Agency and City desire to amend the repayment terms and conditions by entering into this Agreement to provide for new consideration for an accelerated repayment of the loans and also to establish a new amortization schedule in the event that such accelerated repayment does not occur.

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

Section 1. Repayment of Advances

a. The Agency and City acknowledge and agree that, as of June 30, 2010, the total amount owed by the Agency to the City's Water Fund for the startup costs of Area 1 is \$906,546.97 and any accrued interest, which is hereby forgiven ("Loan"). The owed amount shall hereafter be repaid by the Agency to the City, with interest, pursuant to the terms set forth in this Agreement.

b. The Agency hereby pledges its tax increment for the repayment of the Loan. It is the intent of the Parties that the Loan be repaid in one full payment of \$906,546.97 as soon as the Agency receives the bond proceeds from the transaction most recently approved by the City Council and the Agency, but no later than August 1, 2011. In the event that such bonds proceeds



are not available for any reason by the agreed upon date, Agency shall make annual payments to the City, in the amounts and at the times set forth in the Payment Schedule attached hereto as **Exhibit A** and incorporated herein by reference. Generally, the parties agree that the Loan will accrue simple interest at the rate of one-half percent (1/2%) per annum. Each annual payment shall be due June 30 of each year (the last day of the applicable fiscal year). Each payment shall be credited first to interest then due and the remainder to principal.

c. The City hereby agrees that the pledge of tax increment and obligation of the Agency to make annual payments to the City pursuant to this Agreement shall be fully subordinate to obligations of the Agency for the following: (1) existing agreements; (2) annual obligations required under the Community Redevelopment Law; and (3) to repay any Bonds and to all other obligations of the Agency under the indentures of trust pursuant to which the Bonds are issued.

d. Payments shall be made to the City at the following address: 154 S. Eighth Street, Grover Beach, CA 93433.

e. In the event that adoption of legislation is imminent, or legislation is adopted whereby the Agency is disestablished, prohibited from continuing activities or making any new agreements for non-affordable housing related matters under the Community Redevelopment Law, then the outstanding amount of the Loan shall be immediately due and payable, subject to any amounts owed as outlined in Section 1(c) above. The Agency may repay the City with any cash or real-property assets that it holds, or from the proceeds from the Redevelopment Tax Increment, as partial satisfaction of the Loan.

f. In the event the cash and real property assets held by the Agency are insufficient to repay the Loan in full, then the Agency (or its successor entity) shall still have the obligation to repay the full amount of the Loan, with available cash and real property assets, or from the proceeds from the Redevelopment Tax Increment, along with future tax increment, at the times set forth in the **Exhibit A**.

g. City and Agency acknowledge that the repayment of the Loan with proceeds of the Redevelopment Tax Increment is permitted as the original loan from the City to the Agency was to finance redevelopment activities of the Agency within or of benefit to one or more of the Redevelopment Project Areas.

## Section 2. Defaults

a. Agency's failure to pay any amount due hereunder within fifteen (15) days of its due date after notice to Agency shall be considered an event of default under this Agreement.

b. Upon the occurrence of any event of default and expiration of any applicable cure period at the option of the City after thirty (30) days prior written notice, the entire unpaid balance of principal and all accrued interest owing under this Agreement shall become immediately due and payable. City's failure in the exercise of any other right or remedy hereunder or under any agreement which secures the indebtedness or is related thereto shall not

affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof.

Section 3. Costs of Enforcement

Agency agrees to pay the following costs, expenses and attorneys' fees paid or incurred by the City or adjudged by a Court: (1) reasonable costs of collection, costs and expenses, and reasonable attorneys' fees paid or incurred in connection with the collection, enforcement for this Second Amended Agreement, or of any covenant of this Agreement, whether or not suit is filed; (2) costs of suit and such sums the Court may adjudge as attorneys' fees in any action to enforce payment of all amounts due under this Agreement or any part of it; and (3) costs of suit and such sum as the Court may adjudge as reasonable attorneys' fees in any other litigation or controversy connected with the enforcement of this Agreement.

Section 4. Waivers

Except as provided above, Agency and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without any way affecting or discharging this liability.

Section 5. Assignment and Assumption

This Agreement shall be binding upon Agency, its successors and assigns. This Agreement is not transferable by the Agency, and the Agency shall not assign its rights and obligations hereunder without the prior written consent of the City. The City may at its option negotiate transfer or assumption of this agreement.

Section 6. Governing Law

This Agreement shall be construed in accordance with and be governed by the laws of the State of California.

Section 7. Integration

This Agreement represents the entire understanding of the parties as to those matters contained herein and supersedes all prior negotiations, representations, or agreements, both written and oral. This Agreement may not be modified or altered except by written amendment executed by both parties.

Section 8. Partial Invalidity

If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Section 9. Termination of Prior Agreements

It is the intent of the parties that this Agreement shall replace in its entirety any prior agreements between the parties pertaining to the repayment of the Loan. Any such prior agreements by the parties shall hereafter be of no further force and effect.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have executed this Agreement on the day and year first above written.

**CITY OF GROVER BEACH**

By: \_\_\_\_\_  
JOHN P. SHOALS, MAYOR "CITY"

**IMPROVEMENT AGENCY OF THE  
CITY OF GROVER BEACH**

By: \_\_\_\_\_  
JOHN P. SHOALS, CHAIR "AGENCY"

Attest:

\_\_\_\_\_  
Donna L. McMahon, City Clerk / Agency Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Martin D. Koczanowicz, City Attorney / Agency Counsel

# City of Grover Beach & Grover Beach Improvement Agency Area One

## Amortization Schedule

Water Fund Loan to Agency Area One for Start-up Costs

Loan Amount of \$906,546.97

PmtNo.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	7/1/2012	\$ 906,546.97	\$ 32,616.58	\$ -	\$ 32,616.58	\$ -	\$ 4,532.73	\$ 906,546.97	\$ 4,532.73
2	7/1/2013	\$ 906,546.97	\$ 32,616.58	\$ -	\$ 32,616.58	\$ -	\$ 4,532.73	\$ 906,546.97	\$ 9,065.47
3	7/1/2014	906,546.97	32,616.58	-	32,616.58	0.00	4,532.73	906,546.97	13,598.20
4	7/1/2015	906,546.97	32,616.58	-	32,616.58	0.00	4,532.73	906,546.97	18,130.94
5	7/1/2016	906,546.97	32,616.58	-	32,616.58	0.00	4,532.73	906,546.97	22,663.67
6	7/1/2017	906,546.97	32,616.58	-	32,616.58	0.00	4,532.73	906,546.97	27,196.41
7	7/1/2018	906,546.97	32,616.58	-	32,616.58	0.00	4,532.73	906,546.97	31,729.14
8	7/1/2019	906,546.97	32,616.58	-	32,616.58	0.00	4,532.73	906,546.97	36,261.88
9	7/1/2020	906,546.97	32,616.58	-	32,616.58	0.00	4,532.73	906,546.97	40,794.61
10	7/1/2021	906,546.97	32,616.58	-	32,616.58	0.00	4,532.73	906,546.97	45,327.35
11	7/1/2022	906,546.97	32,616.58	15,000.00	47,616.58	43,083.84	4,532.73	863,463.13	49,860.08
12	7/1/2023	863,463.13	32,616.58	15,000.00	47,616.58	43,299.26	4,317.32	820,163.86	54,177.40
13	7/1/2024	820,163.86	32,616.58	15,000.00	47,616.58	43,515.76	4,100.82	776,648.10	58,278.22
14	7/1/2025	776,648.10	32,616.58	15,000.00	47,616.58	43,733.34	3,883.24	732,914.76	62,161.46
15	7/1/2026	732,914.76	32,616.58	15,000.00	47,616.58	43,952.01	3,664.57	688,962.76	65,826.03
16	7/1/2027	688,962.76	32,616.58	15,000.00	47,616.58	44,171.77	3,444.81	644,790.99	69,270.85
17	7/1/2028	644,790.99	32,616.58	15,000.00	47,616.58	44,392.62	3,223.95	600,398.37	72,494.80
18	7/1/2029	600,398.37	32,616.58	15,000.00	47,616.58	44,614.59	3,001.99	555,783.78	75,496.79
19	7/1/2030	555,783.78	32,616.58	15,000.00	47,616.58	44,837.66	2,778.92	510,946.12	78,275.71
20	7/1/2031	510,946.12	32,616.58	15,000.00	47,616.58	45,061.85	2,554.73	465,884.27	80,830.44
21	7/1/2032	465,884.27	32,616.58	15,000.00	47,616.58	45,287.16	2,329.42	420,597.11	83,159.86
22	7/1/2033	420,597.11	32,616.58	15,000.00	47,616.58	45,513.59	2,102.99	375,083.52	85,262.85
23	7/1/2034	375,083.52	32,616.58	15,000.00	47,616.58	45,741.16	1,875.42	329,342.36	87,138.27
24	7/1/2035	329,342.36	32,616.58	15,000.00	47,616.58	45,969.87	1,646.71	283,372.49	88,784.98
25	7/1/2036	283,372.49	32,616.58	15,000.00	47,616.58	46,199.72	1,416.86	237,172.77	90,201.84
26	7/1/2037	237,172.77	32,616.58	15,000.00	47,616.58	46,430.72	1,185.86	190,742.06	91,387.71
27	7/1/2038	190,742.06	32,616.58	15,000.00	47,616.58	46,662.87	953.71	144,079.19	92,341.42
28	7/1/2039	144,079.19	32,616.58	15,000.00	47,616.58	46,896.18	720.40	97,183.00	93,061.81
29	7/1/2040	97,183.00	32,616.58	15,000.00	47,616.58	47,130.66	485.92	50,052.34	93,547.73
30	7/1/2041	50,052.34	32,616.58	17,686.02	50,052.34	49,802.08	250.26	0.00	93,797.99

**AMENDED LOAN REPAYMENT AGREEMENT  
TO THE CITY OF GROVER BEACH WASTE WATER FUND**

THIS AMENDED LOAN REPAYMENT AGREEMENT ("Agreement") is entered into as of June 6, 2011, by and between the CITY OF GROVER BEACH ("City") and IMPROVEMENT AGENCY OF THE CITY OF GROVER BEACH ("Agency").

**WITNESSETH:**

WHEREAS, the City Council has approved, adopted and previously amended, from time to time, redevelopment plans for two redevelopment project areas within the City of Grover Beach, known as Area 1 and Area 2 projects, (collectively referred to as the "Plan"); and

WHEREAS, the Agency is vested with the responsibility to carry out, in the City of Grover Beach, the Plan, which was approved and adopted by the Agency and City Council; and

WHEREAS, in order to assist the Agency with startup costs and in carrying out its redevelopment activities, the City has, from time to time, advanced funds to the Agency in accordance with cooperation agreements entered into from time to time with respect to each of the individual redevelopment projects; and

WHEREAS, one of those activities included the numerous improvements constructed on West Grand Avenue between Highway 1 and 4<sup>th</sup> Street, for which the Waste Water Fund loaned \$450,000.00 to the Agency; and

WHEREAS, the Agency has been repaying the debt to the City when funds were available, including interest rate based on the Local Agency Investment Fund; and

WHEREAS, in light of the recent approvals by the Agency and City of bonded indebtedness and the Agency's potential future efforts to issue bonded indebtedness that will be secured by the property tax increments from the Plan areas, and other recent circumstances that have occurred affecting the financing of redevelopment projects throughout the State, the Agency and City desire to amend the repayment terms and conditions by entering into this Agreement to provide for new consideration for an accelerated repayment of the loans and also to establish a new amortization schedule in the event that such accelerated repayment does not occur.

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

Section 1. Repayment of Advances

a. The Agency and City acknowledge and agree that, as of June 30, 2010, the total amount owed by the Agency to the City's Waste Water Fund is \$450,000.00 and any accrued

interest, which is hereby forgiven ("Loan"). The owed amount shall hereafter be repaid by the Agency to the City, with interest, pursuant to the terms set forth in this Agreement.

b. The Agency hereby pledges its tax increment for the repayment of the Loan. It is the intent of the Parties that the Loan be repaid in one full payment of \$450,000.00 as soon as the Agency receives the bond proceeds from the transaction most recently approved by the City Council and the Agency, but no later than August 1, 2011. In the event that such bonds proceeds are not available for any reason by the agreed upon date, Agency shall make annual payments to the City, in the amounts and at the times set forth in the Payment Schedule attached hereto as **Exhibit A** and incorporated herein by reference. Generally, the parties agree that the Loan will accrue simple interest at the rate of one-half percent (1/2%) per annum. Each annual payment shall be due June 30 of each year (the last day of the applicable fiscal year). Each payment shall be credited first to interest then due and the remainder to principal.

c. The City hereby agrees that the pledge of tax increment and obligation of the Agency to make annual payments to the City pursuant to this Agreement shall be fully subordinate to obligations of the Agency for the following: (1) existing agreements; (2) annual obligations required under the Community Redevelopment Law; and (3) to repay any Bonds and to all other obligations of the Agency under the indentures of trust pursuant to which the Bonds are issued.

d. Payments shall be made to the City at the following address: 154 S. Eighth Street, Grover Beach, CA 93433.

e. In the event that adoption of legislation is imminent, or legislation is adopted whereby the Agency is disestablished, prohibited from continuing activities or making any new agreements for non-affordable housing related matters under the Community Redevelopment Law, then the outstanding amount of the Loan shall be immediately due and payable, subject to any amounts owed as outlined in Section 1(c) above. The Agency may repay the City with any cash or real-property assets that it holds, or from the proceeds from the Redevelopment Tax Increment, as partial satisfaction of the Loan.

f. In the event the cash and real property assets held by the Agency are insufficient to repay the Loan in full, then the Agency (or its successor entity) shall still have the obligation to repay the full amount of the Loan, with available cash and real property assets, or from the proceeds from the Redevelopment Tax Increment, along with future tax increment, at the times set forth in the **Exhibit A**.

g. City and Agency acknowledge that the repayment of the Loan with proceeds of the Redevelopment Tax Increment is permitted as the original loan from the City to the Agency was to finance redevelopment activities of the Agency within or of benefit to one or more of the Redevelopment Project Areas.

Section 2. Defaults

a. Agency's failure to pay any amount due hereunder within fifteen (15) days of its due date after notice to Agency shall be considered an event of default under this Agreement.

b. Upon the occurrence of any event of default and expiration of any applicable cure period at the option of the City after thirty (30) days prior written notice, the entire unpaid balance of principal and all accrued interest owing under this Agreement shall become immediately due and payable. City's failure in the exercise of any other right or remedy hereunder or under any agreement which secures the indebtedness or is related thereto shall not affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof.

Section 3. Costs of Enforcement

Agency agrees to pay the following costs, expenses and attorneys' fees paid or incurred by the City or adjudged by a Court: (1) reasonable costs of collection, costs and expenses, and reasonable attorneys' fees paid or incurred in connection with the collection, enforcement for this Second Amended Agreement, or of any covenant of this Agreement, whether or not suit is filed; (2) costs of suit and such sums the Court may adjudge as attorneys' fees in any action to enforce payment of all amounts due under this Agreement or any part of it; and (3) costs of suit and such sum as the Court may adjudge as reasonable attorneys' fees in any other litigation or controversy connected with the enforcement of this Agreement.

Section 4. Waivers

Except as provided above, Agency and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without any way affecting or discharging this liability.

Section 5. Assignment and Assumption

This Agreement shall be binding upon Agency, its successors and assigns. This Agreement is not transferable by the Agency, and the Agency shall not assign its rights and obligations hereunder without the prior written consent of the City. The City may at its option negotiate transfer or assumption of this agreement.

Section 6. Governing Law

This Agreement shall be construed in accordance with and be governed by the laws of the State of California.

Section 7. Integration

This Agreement represents the entire understanding of the parties as to those matters contained herein and supersedes all prior negotiations, representations, or agreements, both written and oral. This Agreement may not be modified or altered except by written amendment executed by both parties.

Section 8. Partial Invalidity

If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Section 9. Termination of Prior Agreements

It is the intent of the parties that this Agreement shall replace in its entirety any prior agreements between the parties pertaining to the repayment of the Loan. Any such prior agreements by the parties shall hereafter be of no further force and effect.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have executed this Agreement on the day and year first above written.

**CITY OF GROVER BEACH**

By: \_\_\_\_\_  
JOHN P. SHOALS, MAYOR

"CITY"

**IMPROVEMENT AGENCY OF THE  
CITY OF GROVER BEACH**

By: \_\_\_\_\_  
JOHN P. SHOALS, CHAIR

"AGENCY"

Attest:

\_\_\_\_\_  
Donna L. McMahon, City Clerk / Agency Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Martin D. Koczanowicz, City Attorney / Agency Counsel



# City of Grover Beach & Grover Beach Improvement Agency Area One

## Amortization Schedule

Wastewater Fund Loan to Agency Area One for Project on West Grand Avenue

Loan Amount of \$450,000.00

Payment Number	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
	6/30/2011	\$ 450,000.00	\$ 50,000.00	\$ -	\$ 50,000.00	\$ 50,000.00	\$ -	\$ 400,000.00	\$ -
	7/1/2011	\$ 400,000.00	\$ 40,000.00	\$ -	\$ 40,000.00	\$ 40,000.00	\$ -	\$ 360,000.00	\$ -
1	7/1/2012	\$ 360,000.00	\$ 12,952.41	\$ -	\$ 12,952.41	\$ 11,152.41	\$ 1,800.00	\$ 348,847.59	\$ 1,800.00
2	7/1/2013	348,847.59	12,952.41	-	12,952.41	11,208.17	1,744.24	337,639.42	\$ 3,544.24
3	7/1/2014	337,639.42	12,952.41	-	12,952.41	11,264.21	1,688.20	326,375.20	\$ 5,232.44
4	7/1/2015	326,375.20	12,952.41	-	12,952.41	11,320.53	1,631.88	315,054.67	\$ 6,864.31
5	7/1/2016	315,054.67	12,952.41	-	12,952.41	11,377.14	1,575.27	303,677.53	\$ 8,439.58
6	7/1/2017	303,677.53	12,952.41	-	12,952.41	11,434.02	1,518.39	292,243.51	\$ 9,957.97
7	7/1/2018	292,243.51	12,952.41	-	12,952.41	11,491.19	1,461.22	280,752.32	\$ 11,419.19
8	7/1/2019	280,752.32	12,952.41	-	12,952.41	11,548.65	1,403.76	269,203.67	\$ 12,822.95
9	7/1/2020	269,203.67	12,952.41	-	12,952.41	11,606.39	1,346.02	257,597.27	\$ 14,168.97
10	7/1/2021	257,597.27	12,952.41	-	12,952.41	11,664.42	1,287.99	245,932.85	\$ 15,456.96
11	7/1/2022	245,932.85	12,952.41	-	12,952.41	11,722.75	1,229.66	234,210.10	\$ 16,686.62
12	7/1/2023	234,210.10	12,952.41	-	12,952.41	11,781.36	1,171.05	222,428.74	\$ 17,857.67
13	7/1/2024	222,428.74	12,952.41	-	12,952.41	11,840.27	1,112.14	210,588.48	\$ 18,969.81
14	7/1/2025	210,588.48	12,952.41	-	12,952.41	11,899.47	1,052.94	198,689.01	\$ 20,022.76
15	7/1/2026	198,689.01	12,952.41	-	12,952.41	11,958.97	993.45	186,730.04	\$ 21,016.20
16	7/1/2027	186,730.04	12,952.41	-	12,952.41	12,018.76	933.65	174,711.28	\$ 21,949.85
17	7/1/2028	174,711.28	12,952.41	-	12,952.41	12,078.85	873.56	162,632.43	\$ 22,823.41
18	7/1/2029	162,632.43	12,952.41	-	12,952.41	12,139.25	813.16	150,493.18	\$ 23,636.57
19	7/1/2030	150,493.18	12,952.41	-	12,952.41	12,199.94	752.47	138,293.23	\$ 24,389.04
20	7/1/2031	138,293.23	12,952.41	-	12,952.41	12,260.94	691.47	126,032.29	\$ 25,080.50
21	7/1/2032	126,032.29	12,952.41	-	12,952.41	12,322.25	630.16	113,710.04	\$ 25,710.66
22	7/1/2033	113,710.04	12,952.41	-	12,952.41	12,383.86	568.55	101,326.18	\$ 26,279.21
23	7/1/2034	101,326.18	12,952.41	-	12,952.41	12,445.78	506.63	88,880.40	\$ 26,785.85
24	7/1/2035	88,880.40	12,952.41	-	12,952.41	12,508.01	444.40	76,372.39	\$ 27,230.25
25	7/1/2036	76,372.39	12,952.41	-	12,952.41	12,570.55	381.86	63,801.84	\$ 27,612.11
26	7/1/2037	63,801.84	12,952.41	-	12,952.41	12,633.40	319.01	51,168.44	\$ 27,931.12
27	7/1/2038	51,168.44	12,952.41	-	12,952.41	12,696.57	255.84	38,471.87	\$ 28,186.96
28	7/1/2039	38,471.87	12,952.41	-	12,952.41	12,760.05	192.36	25,711.82	\$ 28,379.32
29	7/1/2040	25,711.82	12,952.41	-	12,952.41	12,823.85	128.56	12,887.97	\$ 28,507.88
30	7/1/2041	12,887.97	12,952.41	-	12,887.97	12,823.53	64.44	0.00	\$ 28,572.32