

SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM  
4.2  
(ID # 6917)

**MEETING DATE:**

Tuesday, May 22, 2018

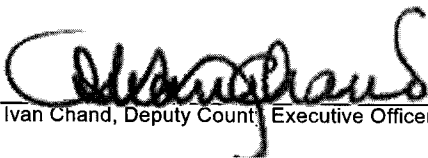
**FROM :** SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY:

**SUBJECT:** SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY: Adopt Resolution No. 2018-002 A Resolution of the Successor Agency to the Redevelopment Agency for the County of Riverside Approving a First Amendment to the Loan Agreement entered into between Cabazon Water District and the Former Redevelopment Agency For the County of Riverside [\$0]; District 5; CEQA Exempt

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3);
2. Adopt Resolution No. 2018- 002 A Resolution of the Successor Agency to the Redevelopment Agency for the County of Riverside Approving a First Amendment to the Loan agreement entered into between Cabazon Water District and the Former Redevelopment Agency For the County of Riverside; and
3. Direct staff to submit Resolution No. 2018- 002 to the Oversight Board for the Successor Agency to the Redevelopment Agency for the County of Riverside for review and approval.

**ACTION:** Policy



Ivan Chand, Deputy County Executive Officer

5/2/2018

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Perez, seconded by Supervisor Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter is tentatively approved pending final action by the oversight board.

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley  
Nays: None  
Absent: None  
Date: May 22, 2018  
xc: E.O.

Kecia Harper-Ihem  
Clerk of the Board

By:   
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$0	\$0	\$0	\$0
<b>NET COUNTY COST</b>	\$0	\$0	\$0	\$0
<b>SOURCE OF FUNDS: n/a</b>			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	17/18

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

The former Redevelopment Agency for the County of Riverside ("Agency") and the Cabazon Water District ("District") entered into a Loan Agreement between the Redevelopment Agency of the County of Riverside and Cabazon County Water District for the Construction of Water System Improvements in Redevelopment Project No. 3-1989, dated May 13, 1997 ("Agreement"). The Agreement provides for a loan of \$300,000 at 0% interest from the Agency to the District to assist the District with the construction of 4,300 lineal feet of 16" waterline along Seminole Road ("Pipeline"). Pursuant to the Agreement, the District constructed the Pipeline and is required to repay the Agency from hook-up fees collected as development occurs. There is no termination or end date in the Agreement.

Pursuant to Assembly Bill No. 1X 26, as modified by Assembly Bill No. 1484, which added Parts 1.8 and 1.85 to Division 24 of the Health and Safety Code ("Dissolution Act"), the Agency was dissolved on February 1, 2012 and the Successor agency to the Redevelopment Agency for the County of Riverside ("Successor Agency") was vested with all authority, rights, powers, duties and obligations of the Agency, including the Agreement.

Pursuant to Health and Safety Code Section 34177(h), the Successor Agency is required to expeditiously wind down the affairs of the Agency. However, in the 20 years since the execution of the Agreement, no development has occurred and neither the Successor Agency nor the District foresee any development in the near future. With no end date for the Agreement and no foreseeable future development to generate hook-up fees to pay back the loan, the Agreement may continue indefinitely. Additionally, the useful life of the Pipeline is only 40 years, and it is nearly halfway through that period.

Successor Agency staff and District have negotiated a proposed First Amendment to the Agreement amending the term of the Agreement to provide that the Agreement shall terminate upon the earlier of: (a) the entire area benefiting from the Pipeline being completely built out; or (b) January 31, 2023 ("First Amendment"). Upon the occurrence of (a) or (b), the Agreement shall terminate and be of no further force and effect, and all rights and obligations of both parties shall terminate. This allows the Successor Agency to expeditiously wind down the affairs of the

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

former Agency by creating an end date for enforceable obligations. The proposed First Amendment is attached.

Staff finds that the First Amendment is in conformance with Health and Safety Code Sections 34177(h) and 34181(e) because the renegotiation of an end date for the Agreement will reduce liabilities and increase net revenue to the taxing entities by preventing the Agreement from continuing indefinitely, thereby allowing the Successor Agency to expeditiously wind down the affairs of the Agency and reducing administrative costs associated with monitoring and retaining an Agreement that will not result in revenue in the foreseeable future.

Pursuant to the California Environmental Quality Act (CEQA), the First Amendment was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15061(b)(3), General Rule or "Common Sense" Exemption. There is no possibility that the activities in question will have a significant impact on the environment and the proposed amendment is merely the creation of an end date for the Loan Agreement; it will not require any construction activities and will not lead to any direct or reasonably foreseeable indirect physical environmental impacts. Any development which results in repayment of the Loan will be subject to separate CEQA environmental review prior to taking any choice limiting action or discretionary action.

Staff recommends adoption of Resolution No. 2018-002, A Resolution of the Successor Agency to the Redevelopment Agency for the County of Riverside Approving a First Amendment to Loan Agreement between the Redevelopment Agency of the County of Riverside and Cabazon Water District for the Construction of Water System Improvements in Redevelopment Project No. 3-1989 – Cabazon. Resolution No. 2018-002 has been approved by County Counsel as to form.

Impact on Residents and Businesses

The amendment to the Loan Agreement will allow the Successor Agency to expeditiously wind down the affairs of the former Agency and reduce administrative costs associated with monitoring and retaining an Agreement that will not result in revenue in the foreseeable future.

Attachment:

- First Amendment to Loan Agreement between the Redevelopment Agency of the County of Riverside and Cabazon County Water District for the Construction of Water System Improvements in Redevelopment Project No. 3-1989
- Resolution No. 2018-002

SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA



Don N. Kent, Assistant CEO-County Finance Officer

5/15/2018



Gregory V. Priamos, Director County Counsel

5/10/2018

1 **BOARD OF SUPERVISORS**

2 **SUCCESSOR AGENCY TO THE**  
3 **REDEVELOPMENT AGENCY FOR**  
4 **THE COUNTY OF RIVERSIDE**

5 **RESOLUTION NO. 2018 -002**

6  
7 **RESOLUTION OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT**  
8 **AGENCY FOR THE COUNTY OF RIVERSIDE APPROVING A FIRST**  
9 **AMENDMENT TO LOAN AGREEMENT BETWEEN THE REDEVELOPMENT**  
10 **AGENCY OF THE COUNTY OF RIVERSIDE AND CABAZON WATER**  
11 **DISTRICT FOR THE CONSTRUCTION OF WATER SYSTEM**  
12 **IMPROVEMENTS IN REDEVELOPMENT PROJECT NO. 3-1989 – CABAZON**

13 **WHEREAS**, the Redevelopment Agency for the County of Riverside (“Agency”) was  
14 formed, existed and exercised its powers pursuant to the Community Redevelopment law  
15 (California Health and Safety Code section 33000 et seq. the “CRL”);

16 **WHEREAS**, Assembly Bill No. 1X 26, as modified by Assembly Bill No. 1484  
17 (“Dissolution Act”), added Parts 1.8 and 1.85 to Division 24 of the Health and Safety Code and,  
18 as a result of the Dissolution Act, the Agency was dissolved on February 1, 2012;

19 **WHEREAS**, upon dissolution of the former Agency, all authority, rights, powers, duties  
20 and obligations previously vested with the former Agency (except for the former Agency’s housing  
21 assets and functions) under the CRL vested in the Successor Agency to the Redevelopment Agency  
22 for the County of Riverside (“Successor Agency”);

23 **WHEREAS**, pursuant to Health and Safety Code section 34175(b), all real property and  
24 other assets of the former Agency were transferred to the Successor Agency on February 1, 2012,  
25 including that certain Loan Agreement between the Redevelopment Agency of the County of  
26 Riverside and Cabazon County Water District for the Construction of Water System Improvements  
27 in Redevelopment Project No. 3-1989, dated May 13, 1997 (“Loan Agreement”);

28 **WHEREAS**, the Loan Agreement provides for the Cabazon County Water District (now  
known as Cabazon Water District) (“District”) to construct 4,300 lineal feet of 16” waterline along  
Seminole Road (“Pipeline”) that was needed to provide adequate domestic water and fire flow

FORM APPROVED COUNTY COUNSEL  
BY: *Jhila R. Brown* 5/9/18  
DATE: JHILA R. BROWN

1 service to accommodate proposed development, which Pipeline was completed on or around  
2 February 1998;

3 **WHEREAS**, because the District did not have sufficient funds to finance the Pipeline, the  
4 Agency elected to finance the waterline at a cost not to exceed \$300,000 at 0% interest (“Loan”),  
5 and for the District to repay the Agency this amount through revenue derived from hook-up fees  
6 received from development buildout, but no development has occurred during the past 20 years  
7 and development in the near future is unlikely;

8 **WHEREAS**, pursuant to the Loan Agreement, no interest accrues on the Loan and, unless  
9 adequate development occurs resulting in hook-up fees to repay the Loan, there is no end term for  
10 the Loan or Loan Agreement;

11 **WHEREAS**, in order to expeditiously wind down the affairs of the former Agency, the  
12 Successor Agency and District have negotiated a First Amendment to Loan Agreement, a copy of  
13 which is attached hereto as Exhibit A and incorporated herein by this reference (“Amendment”),  
14 to provide that the Loan Agreement shall terminate upon the earlier of: (a) the entire area benefiting  
15 from the Pipeline is completely built out; or (b) January 31, 2023, at which time the Loan  
16 Agreement shall terminate and be of no further force and effect, and all rights and obligations of  
17 either party will terminate; and

18 **WHEREAS**, the amendment to the Loan Agreement will facilitate the dissolution of the  
19 former Agency by winding down the enforceable obligations of the former Agency.

20 **NOW, THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND**  
21 **ORDERED** by the Board of Supervisors of the Successor Agency to the Redevelopment Agency  
22 for the County of Riverside (“Board”), in regular session assembled on May 22, 2018 in the  
23 meeting room of the Board of Supervisors located on the 1st floor of the County Administrative  
24 Center, 4080 Lemon Street, Riverside, California, as follows:

- 25 1. The Recitals set forth above are true and correct and incorporated herein by reference.
- 26 2. The Board, based upon a review of the evidence and information presented on the  
27 matter as it relates to the Amendment, has determined that the Amendment is  
28 categorically exempt from CEQA pursuant to State CEQA Guidelines Section  
15061(b)(3) because there is no possibility that the activities in question will have a  
significant impact on the environment and the amendment is merely the creation of an

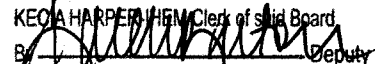
1 end date for the Loan Agreement; it will not require any construction activities and will  
2 not lead to any direct or reasonably foreseeable indirect physical environmental  
3 impacts. Any development which results in repayment of the Loan will be subject to  
4 separate CEQA environmental review prior to taking any choice limiting action or  
5 discretionary action.

- 6 3. The Board hereby approves the Amendment attached hereto as Exhibit A and  
7 incorporated herein by this reference.
- 8 4. The Board hereby authorizes and directs the Deputy County Executive Officer  
9 (“Deputy CEO”), or his designees, to take all actions and sign any and all documents  
10 necessary to implement and effectuate the actions approved by this Resolution as  
11 determined necessary by the Deputy CEO, or designee. The Board hereby further  
12 authorizes and directs the Deputy CEO, or designee, to execute all documents on behalf  
13 of the Successor Agency, including, without limitation, the Amendment, and to  
14 administer the Successor Agency’s obligations and duties to be performed in  
15 connection with the Loan Agreement pursuant to this Resolution.
- 16 5. If any provision of this Resolution or the application of any such provision to any  
17 person or circumstance is held invalid, such invalidity shall not affect other provisions  
18 or applications of this Resolution that can be given effect without the invalid provision  
19 or application, and to this end the provisions of this Resolution are severable. The  
20 Successor Agency declares that the Successor Agency would have adopted this  
21 Resolution irrespective of the invalidity of any particular portion of this Resolution.
- 22 6. The Deputy CEO or designee is hereby authorized and directed to submit a copy of this  
23 Resolution, including all exhibits, to the Oversight Board for the Successor Agency to  
24 the Redevelopment Agency for the County of Riverside for review and approval.

25 ROLL CALL:

26 Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley  
27 Nays: None  
28 Absent: None

The foregoing is certified to be a true copy of a resolution duly adopted by said Board of Supervisors on the date therein set forth.

KECIA HARPER, Clerk of said Board  
By  Deputy

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EXHIBIT "A"  
FIRST AMENDMENT  
TO  
LOAN AGREEMENT BETWEEN  
THE REDEVELOPMENT AGENCY OF THE COUNTY OF RIVERSIDE AND  
CABAZON COUNTY WATER DISTRICT  
FOR THE CONSTRUCTION OF WATER SYSTEM IMPROVEMENTS  
IN REDEVELOPMENT PROJECT NO. 3-1989 - CABAZON

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**FIRST AMENDMENT TO  
LOAN AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY  
OF THE COUNTY OF RIVERSIDE AND  
CABAZON WATER DISTRICT  
FOR THE CONSTRUCTION OF WATER SYSTEM IMPROVEMENTS IN  
REDEVELOPMENT PROJECT NO. 3-1989 - CABAZON**

THIS FIRST AMENDMENT TO LOAN AGREEMENT ("Amendment"), is dated this \_\_\_\_\_ day of \_\_\_\_\_, 2018, and is entered into by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public body, corporate and politic ("Agency"), and CABAZON WATER DISTRICT, a public agency located within Riverside County ("District"). Agency and District are sometimes referred to in this Amendment individually as a "Party" and collectively as the "Parties." This Amendment is entered into by the Parties with reference to the following recited facts (each a "Recital"):

**RECITALS**

A. District and the former Redevelopment Agency for the County of Riverside ("RDA") entered into a Loan Agreement between the Redevelopment Agency of the County of Riverside and Cabazon County Water District For the Construction of Water System Improvements in Redevelopment Project No. 3-1989 – Cabazon, dated May 13, 1997 ("Agreement") in which District agreed to construct 4,300 lineal feet of 16" pipeline ("Pipeline") to allow for additional development, and the RDA loaned to District \$300,000 at 0% interest to assist with the construction of the Pipeline, which amount was to be reimbursed to RDA with hook-up fees as development occurs, as further described in the Agreement.

B. Assembly Bill 1X No. 26, as modified by Assembly Bill No. 1484 ("Dissolution Act"), added Parts 1.8 and 1.85 to Division 24 of the Health and Safety Code. The Dissolution Act dissolved the RDA on February 1, 2012 and, upon dissolution, all of the RDA's authority, rights, powers, duties and obligations vested in the Agency.

C. No development has occurred on the properties that could potentially be served by the Pipeline in over 20 years, and the Parties do not foresee any development occurring in the near future.

D. In order to expeditiously wind down the affairs of the former RDA in accordance with the Dissolution Act, Agency and District desire, by this Amendment, to create an end date for the Loan Agreement of January 31, 2023, at which time the Loan Agreement shall terminate and be of no further force and effect.

NOW, THEREFORE, in consideration of the mutual covenants, restrictions and conditions contained in this Amendment, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

## TERMS

1. **INCORPORATION OF RECITALS.** The Recitals set forth above are true and correct and are incorporated into this Amendment.

2. **INCORPORATION OF DEFINED TERMS.** All terms, phrases and words indicated to be defined terms by initial capitalization in this Amendment that are not specifically defined in this Amendment shall have the meaning ascribed to the same term, phrase or word in the Agreement.

3. **AMENDMENT TO AGREEMENT.** Section 18 of the Agreement is hereby amended in its entirety to read as follows:

Section 18. TERM OF AGREEMENT. DISTRICT shall be liable to AGENCY for the repayment of funds with hook-up fees as development occurs. Said funds are to be repaid to the AGENCY until the occurrence of either of the following ("Term"): (a) the entire area benefiting from said improvements is completely built out; or (b) January 31, 2023 ("End Date"). At the end of the Term, as defined in this Section 18, this Agreement shall automatically terminate and be of no further force and effect, and neither Party shall have any further obligations to the other Party under this Agreement including, without limitation, and obligation by District to repay to Agency the amount set forth in Section 3.

4. **EFFECT OF AMENDMENT.** Except as expressly provided in this Amendment, all of the terms, conditions, and provisions set forth in the Agreement shall remain in full force and effect. From and after the date of this Amendment, wherever the term "Agreement" appears in the Agreement, it shall be read and understood to mean the Agreement, as amended by this Amendment.

5. **AMENDMENT DATE.** This Amendment shall be effective after all Parties hereto have signed this Amendment. Agency's authority to execute this Amendment shall be subject to prior approval by the Oversight Board for the Successor Agency to the Redevelopment Agency for the County of Riverside.

6. **EXECUTION IN COUNTERPARTS.** This Amendment may be executed in counterparts, each of which, when all Parties hereto have signed this Amendment, shall be deemed an original.

**[Remainder of Page Intentionally Blank]**

**[Signatures on the Following Page]**

IN WITNESS WHEREOF, Agency and District have signed and entered into this Amendment by and through the signatures of their authorized representative(s) on the dates set forth below:

**DISTRICT:**

CABAZON WATER DISTRICT, a public agency located within Riverside County

By: \_\_\_\_\_  
General Manager

Dated: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Secretary

**APPROVED AS TO FORM:**

Best Best & Krieger LLP

By: \_\_\_\_\_  
General Counsel

**AGENCY:**

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public entity


By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**APPROVED AS TO FORM:  
GREGORY P. PRIAMOS  
COUNTY COUNSEL**

By:   
Jhaila R. Brown,  
Deputy County Counsel