

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, MAY 6, 2008**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, May 6, 2008, commencing at 7:01 a.m.

A. ROLL CALL

Present: Council Members – Hitchcock, Hansen, Johnson, Katzakian, and Mayor Mounce

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. TOPIC(S)

B-1 "Overview of the Mechanics of Tax Increment Allocation – Statement of Indebtedness"

City Manager King provided an overview of the mechanics of tax increment allocation and statement of indebtedness. Specific topics of discussion included City's exposure for indebtedness, soft debt versus hard debt, excerpts from Health and Safety Code Section 33675, the requirement to file a statement of indebtedness and reconciliation statement, San Joaquin standard form for a statement of indebtedness, samples from Stockton, Tracy, Manteca, and Ripon, examples of soft redevelopment debt, joint cooperation agreement, some cities entering into bonds to further protect against State taking local government money in lieu of incurring soft debt, statutory limits on bond debt, and general application of how redevelopment may be applied in Lodi, including a series of smaller capital improvement projects rather than a single large project.

In response to Mayor Mounce, Mr. King stated with respect to interest rates for bonds and loans for cities, typically a secure bond will be more aggressive in order to secure the lowest rate possible. He stated the major difference is subordination language where in some cases debt may not be collected.

In response to Council Member Hitchcock, Mr. King confirmed that Stockton uses the Community Development Block Grant (CDBG) allocation to show debt, but it will not actually collect the debt. He stated he is unsure of why interest is not being charged, but it is most likely that the debt itself will never be repaid.

In response to Mayor Mounce, Mr. King stated that, when and if Stockton pays interest on the CDBG allocation which it will likely not do, the interest will go to the general fund because the spending of CDBG money is work performed by the city on behalf of the agency. He stated it will most likely not be paid because it is in the city's and agency's best interest not to do so.

In response to Mayor Mounce, Deputy City Manager Jim Krueger stated he is unsure if Stockton is carrying the interest as an account receivable on the balance sheet but that is most likely.

In response to Mayor Mounce, Mr. King confirmed that Manteca has approximately \$321 million in soft debt, which will likely not be paid back.

In response to Mayor Mounce, City Attorney Schwabauer stated the Constitution specifically prohibits the State from interfering with any contractual obligation of a city. Mr. Schwabauer stated therefore the State would be prohibited from taking bond money as hard debt due to contractual obligations with the bonding agencies. He stated the State would also have a difficult argument with respect to soft debt incurred under a contractual obligation between a city and agency.

In response to Council Member Johnson, Mr. Schwabauer stated the County collects the \$1.1 million as tax increment, it is then obligated to pay the agency that \$1.1 million, and the agency then repays debt or more likely recycles that amount for the next year's usage.

In response to Council Member Hitchcock, Mr. King stated typically the amount for hard debt that is allowed is no more than 80% of tax increment for that specific year with respect to redevelopment bonds. He stated generally cities take much less than that in order to keep flexibility for larger capital projects.

In response to Council Member Hitchcock, Mr. King and Mr. Schwabauer stated that there is not an actual transference of CDBG funds into the general fund. They stated that, because the purposes of Department of Housing and Urban Development guidelines and redevelopment coincide, CDBG funds may be credited for redevelopment debt because the funds were expended in a manner that benefited the city and agency. They stated an example of this may be sidewalk or light improvements in the project area.

In response to Mayor Mounce, Mr. King stated obtaining bonds for redevelopment is based on the ability to collect tax increment and not the City's financial health. Mr. King provided the Lodi Memorial Hospital bonds as an example.

In response to Council Member Johnson, Mr. King stated the school district incurring debt through redevelopment pass-through with the City is neutral to the City because the funds would be paid regardless over a 45-year period instead of a single payment pursuant to AB 1290 pass-through requirements. Mr. King stated he does not believe the school district scenario is a popular vehicle, but it is an example of bonded debt.

In response to Mayor Mounce, Mr. King stated once the redevelopment project area is formed, the general process for the school district would remain the same in that the money is collected by the County, then goes to the State, who in turn sends it to the school district. Mr. King stated the school district and City would benefit because there may be improvements to schools within the project area.

Discussion ensued between Council Member Hitchcock, Mr. King, and Mr. Schwabauer regarding the 27% allocation for school district and AB 1290 legislation, which specifically sets forth the percentage received by schools based on a formula and the method by which it may be collected.

In response to Council Member Hitchcock, Mr. King stated 80% of the potential tax increment for the year is a maximum amount for bonding purposes. He stated most cities take much less than that in order to retain and allow for flexibility of projects. He stated a variety of smaller projects are generally more bankable than a few large projects because there is more reliability in diversifying the amount over several properties rather than concentrating on one or two.

Mr. Schwabauer provided a brief overview of how property tax values will continue to affect redevelopment and tax increment regardless of market fluctuations because as an example the property tax continues to grow at the 2% per year rate.

In response to Council Member Hitchcock, Mr. King stated that, although staff has crunched some numbers based on the usage of certain parcels, current zoning, market conditions, and projected future increment, the numbers still remain hypothetical at best.

In response to Council Member Hitchcock, Mr. King stated he is not sure what the tax increment would be for the \$355 million amount over 45 years for the school district, but he will provide that information when it is available.

In response to Council Member Johnson, Mr. King stated that with a variety of projects the question of whether to assume soft or hard debt would be based on how much increment is available and what the project costs amount to.

In response to Mayor Mounce, Mr. King stated there is a possibility that a project could be classified as both infrastructure and economic development for redevelopment purposes.

In response to Council Member Katzakian and Mayor Mounce, Mr. King stated that, for private development purposes, a developer would need to layout what he or she needs and the City would consider the availability of increment over a period of time and assess the benefit associated with such development.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 8:13 a.m.

ATTEST:

Randi Johl
City Clerk



**CITY OF LODI
COUNCIL COMMUNICATION**

TM

AGENDA TITLE: Overview of the Mechanics of Tax Increment Allocation – Statement of Indebtedness
MEETING DATE: May 6, 2008 (Shirtsleeve Session)
PREPARED BY: City Manager

RECOMMENDED ACTION: Receive report.

BACKGROUND INFORMATION: It has been requested that the Council receive a presentation with regard to the requirements to receive annual tax increment funds. At the Shirtsleeve Session, staff will review the requirements to submit a “statement of Indebtedness.” The Council will be introduced to the various types of obligations allowed via the annual Statement of Indebtedness.

FISCAL IMPACT N/A

FUNDING AVAILABLE: N/A



Blair King
City Manager

BK/jmp

APPROVED: 

Blair King, City Manager

HEALTH AND SAFETY CODE SECTION
33675

THE STATEMENT OF INDEBTEDNESS

33675. (a) The portion of taxes required to be allocated pursuant to subdivision (b) of Section 33670 shall be allocated and paid to the agency by the county auditor or officer responsible for the payment of taxes into the funds of the respective taxing agencies pursuant to the procedure contained in this section.

(b) Not later than October 1 of each year, for each redevelopment project for which the redevelopment plan provides for the division of taxes pursuant to Section 33670, the agency shall file, with the county auditor or officer described in subdivision (a), a statement of indebtedness and a reconciliation statement certified by the chief financial officer of the agency.

(c) (1) For each redevelopment project for which a statement of indebtedness is required to be filed, the statement of indebtedness shall contain all of the following:

(A) For each loan, advance, or indebtedness incurred or entered into, all of the following information:

(i) The date the loan, advance, or indebtedness was incurred or entered into.

(ii) The principal amount, term, purpose, interest rate, and total interest of each loan, advance, or indebtedness.

(iii) The principal amount and interest due in the fiscal year in which the statement of indebtedness is filed for each loan, advance, or indebtedness.

(iv) The total amount of principal and interest remaining to be paid for each loan, advance, or indebtedness.

(B) The sum of the amounts determined under clause (iii) of subparagraph (A).

(C) The sum of the amounts determined under clause (iv) of subparagraph (A).

(D) The available revenues as of the end of the previous year, as determined pursuant to paragraph (10) of subdivision (d).

(2) The agency may estimate the amount of principal or interest, the interest rate, or term of any loan, advance, or indebtedness if the nature of the loan, advance, or indebtedness is such that the amount of principal or interest, the interest rate or term cannot be precisely determined. The agency may list on a statement of indebtedness any loan, advance, or indebtedness incurred or entered into on or before the date the statement is filed.

(d) For each redevelopment project for which a reconciliation statement is required to be filed, the reconciliation statement shall contain all of the following:

(1) A list of all loans, advances, and indebtedness listed on the previous year's statement of indebtedness.

(2) A list of all loans, advances, and indebtedness, not listed on the previous year's statement of indebtedness, but incurred or entered into in the previous year and paid in whole or in part from revenue received by the agency pursuant to Section 33670. This listing may aggregate loans, advances, and indebtedness incurred or entered into in the previous year for a particular purpose (such as relocation expenses, administrative expenses, consultant expenses, or property management expenses) into a single item in the listing.

(3) For each loan, advance, or indebtedness described in paragraph (1) or (2), all of the following information:

(A) The total amount of principal and interest remaining to be paid as of the later of the beginning of the previous year or the date the loan, advance, or indebtedness was incurred or entered into.

(B) Any increases or additions to the loan, advance, or indebtedness occurring during the previous year.

(C) The amount paid on the loan, advance, or indebtedness in the

previous year from revenue received by the agency pursuant to Section 33670.

(D) The amount paid on the loan, advance, or indebtedness in the previous year from revenue other than revenue received by the agency pursuant to Section 33670.

(E) The total amount of principal and interest remaining to be paid as of the end of the previous fiscal year.

(4) The available revenues of the agency as of the beginning of the previous fiscal year.

(5) The amount of revenue received by the agency in the previous fiscal year pursuant to Section 33670.

(6) The amount of available revenue received by the agency in the previous fiscal year other than pursuant to Section 33670.

(7) The sum of the amounts specified in subparagraph (D) of paragraph (3), to the extent that the amounts are not included as available revenues pursuant to paragraph (6).

(8) The sum of the amounts specified in paragraphs (4), (5), (6), and (7).

(9) The sum of the amounts specified in subparagraphs (C) and (D) of paragraph (3).

(10) The amount determined by subtracting the amount determined under paragraph (9) from the amount determined under paragraph (8). The amount determined pursuant to this paragraph shall be the available revenues as of the end of the previous fiscal year.

(e) For the purposes of this section, available revenues shall include all cash or cash equivalents held by the agency that were received by the agency pursuant to Section 33670 and all cash or cash equivalents held by the agency that are irrevocably pledged or restricted to payment of a loan, advance, or indebtedness that the agency has listed on a statement of indebtedness. In no event shall available revenues include funds in the agency's Low and Moderate Income Housing Fund established pursuant to Section 33334.3. For the purposes of determining available revenues as of the end of the 1992-93 fiscal year, an agency shall conduct an examination or audit of its books and records for the 1990-91, 1991-92, and 1992-93 fiscal years to determine the available revenues as of the end of the 1992-93 fiscal year.

(f) For the purposes of this section, the amount an agency will deposit in its Low and Moderate Income Housing Fund established pursuant to Section 33334.3 shall constitute an indebtedness of the agency. For the purposes of this section, no loan, advance, or indebtedness that an agency intends to pay from its Low and Moderate Income Housing Fund established pursuant to Section 33334.3 shall be listed on a statement of indebtedness or reconciliation statement as a loan, advance, or indebtedness of the agency. For the purposes of this section, any statutorily authorized deficit in or borrowing from an agency's Low and Moderate Income Housing Fund established pursuant to Section 33334.3 shall constitute an indebtedness of the agency.

(g) The county auditor or officer shall, at the same time or times as the payment of taxes into the funds of the respective taxing agencies of the county, allocate and pay the portion of taxes provided by subdivision (b) of Section 33670 to each agency. The amount allocated and paid shall not exceed the amount determined pursuant to subparagraph (C) of paragraph (1) of subdivision (c) minus the amount determined pursuant to subparagraph (D) of paragraph (1) of subdivision (c).

(h) (1) The statement of indebtedness constitutes prima facie evidence of the loans, advances, or indebtedness of the agency.

(2) (A) If the county auditor or other officer disputes the amount

of loans, advances, or indebtedness as shown on the statement of indebtedness, the county auditor or other officer shall, within 30 days after receipt of the statement, give written notice to the agency thereof.

(B) The agency shall, within 30 days after receipt of notice pursuant to subparagraph (A), submit any further information it deems appropriate to substantiate the amount of any loans, advances, or indebtedness which has been disputed. If the county auditor or other officer still disputes the amount of loans, advances, or indebtedness, final written notice of that dispute shall be given to the agency, and the amount disputed may be withheld from allocation and payment to the agency as otherwise required by subdivision (g). In that event, the auditor or other officer shall bring an action in the superior court in declaratory relief to determine the matter not later than 90 days after the date of the final notice.

(3) In any court action brought pursuant to this section, the issue shall involve only the amount of loans, advances, or indebtedness, and not the validity of any contract or debt instrument or any expenditures pursuant thereto. Payments to a trustee under a bond resolution or indenture of any kind or payments to a public agency in connection with payments by that public agency pursuant to a lease or bond issue shall not be disputed in any action under this section. The matter shall be set for trial at the earliest possible date and shall take precedence over all other cases except older matters of the same character. Unless an action is brought within the time provided for herein, the auditor or other officer shall allocate and pay the amount shown on the statement of indebtedness as provided in subdivision (g).

(i) Nothing in this section shall be construed to permit a challenge to or attack on matters precluded from challenge or attack by reason of Sections 33500 and 33501. However, nothing in this section shall be construed to deny a remedy against the agency otherwise provided by law.

(j) The Controller shall prescribe a uniform form of statement of indebtedness and reconciliation statement. These forms shall be consistent with this section. In preparing these forms, the Controller shall obtain the input of county auditors, redevelopment agencies, and organizations of county auditors and redevelopment agencies.

(k) For the purposes of this section, a fiscal year shall be a year that begins on July 1 and ends the following June 30.

STATEMENT OF INDEBTEDNESS FORM

STATEMENT OF INDEBTEDNESS - CONSOLIDATED
FILED FOR THE _____ TAX YEAR

Cover Page

Name of Redevelopment Agency _____
 Name of Project Area _____

Balances Carried Forward From:	Line	Current	
		Total Outstanding Debt	Principal/Interest Due During Tax Year
Fiscal Period - Totals (From Form A, Page 1 Totals)	(1)		
(Optional) Post Fiscal Period - Totals (From Form B, Page 1 Totals)	(2)		
Grand Totals	(3)		
Available Revenues From Calculation of Available Revenues, Line 7	(4)		
Net Requirement	(5)		

Consolidate on this form all of the data contained on Form A and B (including supplemental pages). Form A is to include all indebtedness entered into as of June 30 of the Fiscal Year. Form B may be filed at the option of the Agency, and is to include indebtedness entered into post June 30 of the Fiscal Year, pursuant to Health and Safety Code section 33675(c)(2). This is optional for each agency and is not a requirement for filing the Statement of Indebtedness. The Reconciliation Statement is to include indebtedness from Form A only.

Certification of Chief Financial Officer: Pursuant to Section 33675(b) of the Health and Safety Code, I hereby certify that the above is a true and accurate Statement of Indebtedness for the above named agency.	_____	
	Name	Title

	Signature	Date

STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS
FILED FOR THE _____ TAX YEAR

Form A
 Page 1 of _____

Name of Redevelopment Agency _____

Name of Project Area _____

For Indebtedness Entered into as of June 30, _____

Debt Identification	Original Data				Current		
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A)							
(B)							
(C)							
(D)							
(E)							
(F)							
(G)							
(H)							
(I)							
(J)							
Sub Total, This Page							
Totals Forward From All Other Pages							
Totals, Fiscal Year Indebtedness							

Purpose of Indebtedness:

(A) _____
 (B) _____
 (C) _____
 (D) _____
 (E) _____

(F) _____
 (G) _____
 (H) _____
 (I) _____
 (J) _____

STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS
FILED FOR THE _____ - _____ TAX YEAR

Form A
Page ____ of ____

Name of Redevelopment Agency _____
Name of Project Area _____

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A)							
(B)							
(C)							
(D)							
(E)							
(F)							
(G)							
(H)							
(I)							
(J)							
(K)							
(L)							
Total, This Page							

(C) _____
(D) _____
(E) _____
(F) _____

(I) _____
(J) _____
(K) _____
(L) _____

STATEMENT OF INDEBTEDNESS – POST FISCAL YEAR INDEBTEDNESS ONLY
FILED FOR THE _____ TAX YEAR

Form B
(Optional)

Name of Redevelopment Agency _____

Name of Project Area _____

For Indebtedness Entered into Post June 30, _____, as of _____

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A)							
(B)							
(C)							
(D)							
(E)							
(F)							
(G)							
(H)							
(I)							
(J)							
(K)							
(L)							
Totals, Post Fiscal Year Indebtedness							

Purpose of Indebtedness:

- (A) _____
- (B) _____
- (C) _____
- (D) _____
- (E) _____
- (F) _____

- (G) _____
- (H) _____
- (I) _____
- (J) _____
- (K) _____
- (L) _____

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Agency _____

Name of Project Area _____

Tax Year _____ Reconciliation Dates From July 1, _____ To June 30, _____.

Debt Identification:			A	B	C	D	E	F
SOI, page and line:		Brief Description	Outstanding Debt All Beginning Indebtedness	Adjustments		Amounts Paid Against indebtedness, from:		Remaining Balance (A+B-C-D-E)
Prior Yr	Current Yr			Increases (Attach Explanation)	Decreases (Attach Explanation)	Tax Increment	Other Funds	
g ine	Pg Line							
g ine	Pg Line							
3 ine	Pg Line							
3 ine	Pg Line							
g ne	Pg Line							
3 ine	Pg Line							
3 ne	Pg Line							
3 ne	Pg Line							
OTAL- THIS PAGE								
OTALS FORWARD								
GRAND TOTALS								

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A is to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

Debt Identification:			A	B	C	D	E	F
SOI, page and line:		Brief Description	Outstanding Debt All Beginning Indebtedness	Adjustments		Amounts Paid Against Indebtedness, from:		Remaining Balance (A+B-C-D-E)
Prior Yr	Current Yr			Increases (Attach Explanation)	Decreases (Attach Explanation)	Tax Increment	Other Funds	
4 Line	4 Line							
Pg Line	Pg Line							
Pg Line	Pg Line							
Pg Line	4 Line							
Pg Line	Pg Line							
4 Line	Pg Line							
Pg Line	Pg Line							
4 Line	4 Line							
4 Line	Pg Line							
Pg Line	Pg Line							
Pg Line	Pg Line							
Pg Line	4 Line							
TOTAL-THIS PAGE								

CALCULATION OF AVAILABLE REVENUES

AGENCY NAME _____

PROJECT AREA _____

TAX YEAR _____

RECONCILIATION DATES: JULY 1, _____ TO JUNE 30, _____

Beginning Balance, Available Revenues (See Instructions)	1.	
Tax Increment Received - Gross	2.	
All Tax Increment Revenues, to include any Tax Increment passed through to other local taxing agencies.		
All other Available Revenues Received (See Instructions)	3.	
Revenues from any other source, included in Column E of the Reconciliation Statement. but not included in (1-3) above	4.	
Sum of Lines 1 through 4	5.	
Total amounts paid against indebtedness in previous year. (D+ E on Reconciliation Statement)	6.	
Available Revenues, End of Year (5 - 6)	7.	

**FORWARD THIS AMOUNT TO STATEMENT OF
INDEBTEDNESS, COVER PAGE, LINE 4**

NOTES

Tax Increment Revenues:

The only amount(s) to be excluded as Tax Increment Revenue are any amounts passed through to other local taxing agencies pursuant to Health and Safety Code Section 33675. Tax Increment Revenue set-aside in the Low and Moderate Income Housing Fund will be washed in the above calculation, and therefore omitted from Available Revenues at yearend.

Item 4. above:

This represents any payments from any source other than Tax Increment OR available revenues. For instance, an agency funds a project with a bond issue. The previous SOI included a Disposition Development Agreement (DDA) which was fully satisfied with these bond proceeds. The DDA would be shown on the Reconciliation Statement as fully repaid under the "other" column (Col E), but with funds that were neither Tax Increment, nor "Available Revenues" as defined. The amounts used to satisfy this DDA would be included on line 4 above in order to accurately determine ending "Available Revenues."

EXAMPLES OF SOFT REDEVELOPMENT DEBT

STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS
FILED FOR THE 2007 - 08 TAX YEAR

Name of Redevelopment Agency: Redevelopment Agency of the City of Stockton
Name of Project Area: Merged Midtown (Eastland and Midtown)

For indebtedness Entered into as of June 30, 2007

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A) Eastland Loan - 15th Yr CDBG	11/20/1989	120,000.00	Open	10%	523,600.86	643,600.86	0.00
(B) Eastland Loan - 17th Yr CDBG	3/1/1993	500,000.00	Open	None	N/A	500,000.00	0.00
(C) Eastland Loan - 19th Yr CDBG	1/3/1994	500,000.00	Open	None	N/A	500,000.00	0.00
(D) Eastland Housing Set-Aside	As of 6/30/2006	Based Upon Outstanding Debt	Until Paid	None	N/A	410,900.22	80,525.36
(E) Midtown CIP Loan - Infrastructure Imp.	11/26/2002	276,000.00	Open	None	N/A	1,000.00	0.00
(F) Midtown Housing Set-Aside	As of 6/30/2006	Based Upon Outstanding Debt	Until Paid	None	N/A	7,001,249.94	1,134,006.07
(G) Fee Deferral - 612 Carlton Ave	11/26/2002	143,954.42	55 Years	None	N/A	143,954.42	0.00
(H) AB 1290 Payments to Taxing Entities	As of 6/30/2006	Based Upon Outstanding Debt	Open	None	N/A	7,001,249.94	898,287.17
(I) Midtown CIP - Infrastructure Imp.	6/7/2005	1,019,000.00	Open	None	N/A	1,019,000.00	0.00
(J) Midtown CIP - Infrastructure Imp.	6/7/2005	350,000.00	Open	None	N/A	350,000.00	0.00
Sub Total, This Page						17,570,955.38	2,112,818.60
Totals Forward From All Other Pages						26,341,045.34	780,909.12
Totals, Fiscal Year Indebtedness						43,912,000.72	2,893,727.72

Purpose of Indebtedness:

- (A) Redevelopment Plan Adoption
- (B) Implement Eastland Plaza Project
- (C) Implement Eastland Plaza Project
- (D) Pursuant to Health & Safety Code Section 33334.2
- (E) Public Infrastructure Improvements for CSUS-S Project

- (F) Pursuant to Health & Safety Code Section 33334.2
- (G) Fee Deferral for 612 Carlton Ave
- (H) Payments to Taxing Entities
- (I) Public Infrastructure Improvements - Stribley Community Center improvements
- (J) Public Infrastructure Improvements - Filbert/Myrtle Traffic Signal

STATEMENT OF INDEBTEDNESS- FISCAL YEAR INDEBTEDNESS
FILED FOR THE 2007 - 08 TAX YEAR

Name of Redevelopment Agency: Redevelopment Agency of the City of Stockton
 Name of Project Area: West End

For indebtedness Entered into as of June 30, 2007

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A) Advance - Rev Sharing 1985-86	10/14/1986	3,183,207.44	Open	None	N/A	1,598,548.49	0.00
(B) Loan - CIP	9/4/1990	2,954,347.11	Open	None	N/A	2,954,347.11	0.00
(C) Advance - 2nd Yr CDBG	5/16/1976	213,170.66	Open	None	N/A	163,170.66	50,000.00
(D) Advance - 3rd Yr CDBG	10/6/1977	331,939.58	Open	None	N/A	331,939.58	0.00
(E) Advance - 4th Yr CDBG	6/28/1978	351,476.34	Open	None	N/A	351,476.34	0.00
(F) Advance - UDAG (Marina)	6/17/1981	206,406.00	Open	10%	2,262,338.83	2,468,744.83	0.00
(G) Advance - UDAG (Warehouse)	9/10/1981	753,056.00	Open	10%	8,061,055.68	8,814,111.68	0.00
(H) Advance - UDAG (Steamboat Landing)	5/10/1982	1,025,078.00	Open	10%	10,142,182.75	11,167,260.75	0.00
(I) Advance - UDAG (Office Tower II)	5/10/1982	854,220.00	Open	10%	8,451,721.94	9,305,941.94	0.00
(J) Advance - UDAG (Office Tower I)	7/7/1982	854,220.00	Open	10%	8,384,856.35	9,239,076.35	0.00
Sub Total, This Page						46,394,617.73	50,000.00
Totals Forward From All Other Pages						117,976,119.00	1,066,455.69
Totals, Fiscal Year Indebtedness						164,370,736.73	1,116,455.69

Purpose of Indebtedness:

- (A) Redevelop Waterfront Area
- (B) Installation of South Shore Seawall
- (C) Redevelop Waterfront Area
- (D) Redevelop Waterfront Area
- (E) Redevelop Waterfront Area

- (F) Pursuant to Development Agreement between City/Agency 12/1/80
- (G) Pursuant to Development Agreement between City/Agency 12/1/80
- (H) Pursuant to Development Agreement between City/Agency 12/1/80
- (I) Pursuant to Development Agreement between City/Agency 12/1/80
- (J) Pursuant to Development Agreement between City/Agency 12/1/80

STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS FILED FOR THE 2007-08 TAX YEAR

Name of Redevelopment Agency: Manteca Redevelopment Agency
 Name of Project Area: Project Area #2

For Indebtedness Entered Into as of June 30, 2007

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A) 1998 Tax Allocation Revenue Bonds	11/1/98	2,565,000	28 years	3%-5.1%	2,183,960	0	0
(I) 2002 Tax Allocation Revenue Bonds	10/1/02	30,765,000	30 years	2.0%-5.25%	30,136,847	53,661,379	2,119,794
(B) City Administrative Fees	on-going		on-going	N/A	N.A	1,154,440	1,154,440
(D) Pass Through Payments	on-going		on-going	N/A	N/A	1,442,500	1,442,500
(E) County Administrative Fees	on-going		on-going	N/A	N/A	165,000	165,000
(F) 20% Low and Moderate Income Housing Set-Aside	on-going	Based on Outstanding Debt	on-going	N/A	N/A	64,280,053	2,403,210
(G) Developer Subsidy Agreement	11/97	3,845,000	until paid	N/A	N/A	0	0
(H) Developer Loan for Housing	6/3/00	1,681,000	until paid	N/A	N/A	0	0
(J) 2004 Merged Area Tax Housing Set Aside Allocation	11/30/04	5,310,000	30 years	3.0%-5.0%	4,918,419	9,663,727	241,723
(K) 2004 Merged Area Tax Allocation Refund Bonds	11/30/04	25,925,000	32 years	3.0%-5.0%	28,347,009	51,470,713	1,199,128
Sub Total This Page						181,837,812	8,725,795
Totals Forward From All Other Pages						139,562,455	2,904,328
Totals, Fiscal Year Indebtedness						321,400,267	11,630,123

Purpose of Indebtedness:

- (A) Bond proceeds were used to fund programs for Project Area #2
- (B) Administrative fees for services provided by City to RDA
- (C) Contracted professional services for preparation of DDA related agmts
- (D) Payments to other taxing agencies based on pass-thru agmts
- (E) Administrative fees for County property tax administration
- (F) Required set aside to Low & Moderate Income Housing Fund
- (G) Building permit and developer fee subsidy per agreement dated 11/3/97

- (H) Developer loan for the predevelopment and construction of a qualifying senior housing project.
- (I) Bond proceeds used to fund programs for merged Project Area #1 & #2
- (J)/(K) Proceeds from the 2004 Bond issue are for the merged Project Area #1 & #2 and will be used to meet RDA objectives in both Project Area #1 & #2. Housing Bond to be used for LMI housing projects
- As such, proceeds are listed on the SOI for Project Areas 1 & 2

JOINT COOPERATION AGREEMENT

RESOLUTION NO. 2007-231

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
LODI APPROVING AND AUTHORIZING THE EXECUTION OF
AN AMENDED AND RESTATED COOPERATION AGREEMENT
WITH THE REDEVELOPMENT AGENCY OF THE CITY OF LODI
AND MAKING CERTAIN FINDINGS IN CONNECTION
THEREWITH

WHEREAS, the Redevelopment Agency of the City of Lodi (the "Agency") is a duly constituted redevelopment agency and is undertaking certain activities necessary for redevelopment under the provisions of the California Community Redevelopment Law (Health and Safety Code Sections 33000 ~~et seq~~; herein, the "Law"); and

WHEREAS, pursuant to the provisions of the Law, the City Council of the City of Lodi, activated the Agency and has initiated a process for the consideration of the adoption of a redevelopment plan (the "Redevelopment Plan") for a redevelopment project proposed to be established consisting of certain territory in the eastern portion of the City limits (the "Project"); and

WHEREAS, pursuant to Law, the Agency is performing a public function of benefit to the City and may have access to services and facilities of the City; and

WHEREAS, the Agency and the City have entered into previous agreements or arrangements and the Agency has previously issued promissory notes or incurred other obligations (collectively, the "Prior Agreements") for the benefit of the City, which establish evidence the indebtedness of the Agency to the City; and

WHEREAS, the City and the Agency desire to enter into an Amended and Restated Cooperation Agreement in the form submitted herewith (the "Agreement");

(1) To set forth activities, services, and facilities, which the City will render for and make available to the Agency in furtherance of the activities and functions of the Agency under the Law; and

(2) To provide that the Agency will reimburse the City for actions undertaken and costs and expenses incurred by it for and on behalf of the Agency.

WHEREAS, pursuant to the Community Redevelopment Law, the Agency is performing a public function of the City and may have access to services and facilities of the City; and

WHEREAS, without amending, limiting, or modifying the Prior Agreements and the ongoing effectiveness of such Prior Agreements, which shall remain in effect according to their terms for the greatest time legally allowable, the Agency and the City desire to memorialize in the Agreement certain matters relating to the financial relationship between the Agency and the City as it relates to the Redevelopment Plan and its implementation; and

WHEREAS, the City and the Agency desire to provide for the ongoing provision of administrative support to the Agency by the City for so long as the Agency requires such support relative to the Plan; and

WHEREAS, the City and the Agency desire to enter into an Amended and Restated Cooperation Agreement substantially in the form on file with the Agency Secretary (the "Agreement"):

- (1) To set forth activities, services, and facilities, which the City will continue to render for and make available to the Agency in furtherance of the activities and functions of the Agency under the Community Redevelopment Law; and
- (2) To reiterate and provide that the Agency will reimburse the City for actions undertaken and costs and expenses incurred by it for and on behalf of the Agency.

WHEREAS, the Agency has the general purpose of redevelopment and the elimination of blight and the provision of public facilities to be set forth in the Redevelopment Plan; and

WHEREAS, the approval of and implementation of the Agreement will not alter the policy of the Agency that the power of eminent domain will not be available to the Agency, it being the intention of the Agency that the Redevelopment Plan not provide for the Agency to have the power of eminent domain: and

WHEREAS, consistent with the policy of the Agency concerning eminent domain, staff is instructed and directed that the power of eminent domain not be included in the Redevelopment Plan: and

WHEREAS, the City Council has reviewed evidence, including both oral testimony and writings, in connection with this matter, and has determined that the foregoing recitals, and each of them, are true and correct, and further has determined that the Agreement is in the best interests of the Agency and the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local law requirements.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LODI DOES RESOLVE AS FOLLOWS:

Section 1. The City Council finds and determines that the Agreement implements the Law and the efforts of the Agency to adopt and implement a Redevelopment Plan, is of benefit to those areas proposed for study for inclusion as a redevelopment project area (herein, the "Proposed Area"), will contribute to the eradication of blight in the Proposed Area and is of benefit to the Agency.

Section 2. The City Council states as its policy that the Redevelopment Plan not include the power of eminent domain; staff is directed to cause the preparation of a Redevelopment Plan that does not include the power of eminent domain exercisable by the Agency.

Section 3. The City Council authorizes and directs the City Manager to execute on behalf of the City the Agreement. The City Council further authorizes and directs staff to take all actions necessary and appropriate to implement the participation by the City pursuant to the Agreement.

APPROVED AND ADOPTED this 21st day of November, 2007.

By: 
Bob Johnson, Mayor

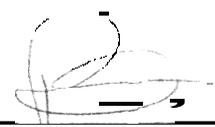
ATTEST:


Randi Johl, City Clerk

STATE OF CALIFORNIA)
COUNTY OF SAN JOAQUIN)
CITY OF LODI)

I, Randi Johl, City Clerk of the City of Lodi, do hereby certify that the foregoing Resolution No. 2007-231 was passed and adopted by the City Council of the City of Lodi in a special joint meeting with the Lodi Redevelopment Agency held November 21, 2007, by the following vote:

- AYES: MEMBERS - Hansen, Hitchcock, Katzakian, and Mayor Johnson
- NOES: MEMBERS - Mounce
- ABSENT: MEMBERS - None
- ABSTAIN: MEMBERS - None


Randi Johl, City Clerk

RESOLUTION NO. RDA2007-04

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF LODI
APPROVING AND AUTHORIZING THE EXECUTION OF AN AMENDED AND
RESTATED COOPERATION AGREEMENT WITH THE CITY OF LODI AND
MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, the Redevelopment Agency of the City of Lodi (the "Agency") is a duly constituted redevelopment agency and is undertaking certain activities necessary for redevelopment under the provisions of the California community Redevelopment Law (Health and Safety Code Sections 33000 ~~et seq~~; herein, the "Law"); and

WHEREAS, pursuant to the provisions of the Law, the City Council of the City of Lodi, activated the Agency and has initiated a process for the consideration of the adoption of a redevelopment plan (the "Redevelopment Plan") for a redevelopment project proposed to be established consisting of certain territory in the eastern portion of the City limits (the "Project"); and

WHEREAS, pursuant to Law, the Agency *is* performing a public function of benefit to the City and may have access to services and facilities of the City; and

WHEREAS, the Agency and the City have entered into previous agreements or arrangements and the Agency has previously issued promissory notes or incurred other obligations (collectively, the "Prior Agreements") for the benefit of the City, which establish evidence of the indebtedness of the Agency to the City; and

WHEREAS, the City and the Agency desire to enter into an Amended and Restated Cooperation Agreement in the form submitted herewith (the "Agreement");

(1) To set forth activities, services, and facilities, which the City will render for and make available to the Agency in furtherance of the activities and functions of the Agency under the Law; and

(2) To provide that the Agency will reimburse the City for actions undertaken and costs and expenses incurred by it for and on behalf of the Agency.

WHEREAS, pursuant to the Community Redevelopment Law, the Agency is performing a public function of the City and may have access to services and facilities of the City; and

WHEREAS, without amending, limiting, or modifying the Prior Agreements and the ongoing effectiveness of such Prior Agreements, which shall remain in effect according to their terms for the greatest time legally allowable, the Agency and the City desire to memorialize in the Agreement certain matters relating to the financial relationship between the Agency and the City as it relates to the Redevelopment Plan and its implementation; and

WHEREAS, the City and the Agency desire to provide for the ongoing provision of administrative support to the Agency by the City for so long as the Agency requires such support relative to the Plan; and

WHEREAS, the City and the Agency desire to enter into an Amended and Restated Cooperation Agreement substantially in the form on file with the Agency Secretary (the "Agreement"):

- (1) To set forth activities, services, and facilities, which the City will continue to render for and make available to the Agency in furtherance of the activities and functions of the Agency under the Community Redevelopment Law; and
- (2) To reiterate and provide that the Agency will reimburse the City for actions undertaken and costs and expenses incurred by it for and on behalf of the Agency.

WHEREAS, the Agency has the general purpose of redevelopment and the elimination of blight and the provision of public facilities to be set forth in the **Redevelopment Plan**; and

WHEREAS, the approval of and implementation of the Agreement will not alter the policy of the Agency that the power of eminent domain will not be available to the Agency, it being the intention of the Agency that the Redevelopment Plan not provide for the Agency to have the power of eminent domain; and

WHEREAS, consistent with the policy of the Agency concerning eminent domain, staff is instructed and directed that the power of eminent domain not be included in the Redevelopment Plan; and

WHEREAS, the Agency has reviewed evidence, including both oral testimony and writings, in connection with this matter, and has determined that the foregoing recitals, and each of them, are true and correct, and further has determined that the Agreement is in the best interests of the Agency and the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local law requirements.

NOW, THEREFORE, THE REDEVELOPMENT AGENCY ~~OF~~ THE CITY OF LODI DOES RESOLVE AS FOLLOWS:

Section 1. The Agency finds and determines that the Agreement implements the Law and the efforts of the Agency to adopt and implement a Redevelopment Plan, is of benefit to those areas proposed for study for inclusion as a redevelopment project area (herein, the "Proposed Area"), will contribute to the eradication of blight in the Proposed Area, and is of benefit to the Agency.

Section 2. The Agency states as its policy that the Redevelopment Plan not include the power of eminent domain; staff is directed to cause the preparation of a Redevelopment Plan that does not include the power of eminent domain exercisable by the Agency.

Section 3. The Agency authorizes and directs the Executive Director to execute on behalf of the Agency the Agreement. The Agency further authorizes and directs staff to take all actions necessary and appropriate to implement the participation by the Agency pursuant to the Agreement.

APPROVED AND ADOPTED this 21st day of November, 2007.



Bob Johnson, Chair of the Redevelopment Agency of the City of Lodi

ATTEST:



Randi Johl, Secretary of the Redevelopment Agency of the City of Lodi

STATE OF CALIFORNIA)
COUNTY OF SAN JOAQUIN)
CITY OF LODI)

I, Randi Johl, Secretary of the Redevelopment Agency of the City of Lodi, do hereby certify that the foregoing Resolution No. RDA2007-04 was passed and adopted by the Redevelopment Agency of the City of Lodi in a special joint meeting with the Lodi City Council held November 21, 2007, by the following vote:

- AYES: MEMBERS – Hansen, Hitchcock, Katzakian. and Chairperson Johnson
- NOES: MEMBERS – Mounce
- ABSENT MEMBERS – None
- ABSTAIN: MEMBERS – None



Randi Johl, Secretary of the Redevelopment Agency of the City of Lodi

RESOLUTION NO. RDA2007-04

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF LODI
APPROVING AND AUTHORIZING THE EXECUTION OF AN AMENDED AND
RESTATED COOPERATION AGREEMENT WITH THE CITY OF LODI AND
MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, the Redevelopment Agency of the City of Lodi (the "Agency") is a duly constituted redevelopment agency and is undertaking certain activities necessary for redevelopment under the provisions of the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq; herein, the "Law"); and

WHEREAS, pursuant to the provisions of the Law, the City Council of the City of Lodi, activated the Agency and has initiated a process for the consideration of the adoption of a redevelopment plan (the "Redevelopment Plan") for a redevelopment project proposed to be established consisting of certain territory in the eastern portion of the City limits (the "Project"); and

WHEREAS, pursuant to Law, the Agency is performing a public function of benefit to the City and may have access to services and facilities of the City; and

WHEREAS, the Agency and the City have entered into previous agreements or arrangements and the Agency has previously issued promissory notes or incurred other obligations (collectively, the "Prior Agreements") for the benefit of the City, which establish evidence the indebtedness of the Agency to the City: and

WHEREAS, the City and the Agency desire to enter into an Amended and Restated Cooperation Agreement in the form submitted herewith (the "Agreement"):

(1) To set forth activities, services, and facilities, which the City will render for and make available to the Agency in furtherance of the activities and functions of the Agency under the Law: and

(2) To provide that the Agency will reimburse the City for actions undertaken and costs and expenses incurred by it for and on behalf of the Agency.

WHEREAS, pursuant to the Community Redevelopment Law, the Agency is performing a public function of the City and may have access to services and facilities of the City: and

WHEREAS, without amending, limiting, or modifying the Prior Agreements and the ongoing effectiveness of such Prior Agreements, which shall remain in effect according to their terms for the greatest time legally allowable, the Agency and the City desire to memorialize in the Agreement certain matters relating to the financial relationship between the Agency and the City as it relates to the Redevelopment Plan and its implementation: and

WHEREAS, the City and the Agency desire to provide for the ongoing provision of administrative support to the Agency by the City for so long as the Agency requires such support relative to the Plan: and

WHEREAS, the City and the Agency desire to enter into an Amended and Restated Cooperation Agreement substantially in the form on file with the Agency Secretary (the "Agreement"):

- (1) To set forth activities, services, and facilities, which the City will continue to render for and make available to the Agency in furtherance of the activities and functions of the Agency under the Community Redevelopment Law; and
- (2) To reiterate and provide that the Agency will reimburse the City for actions undertaken and costs and expenses incurred by it for and on behalf of the Agency.

WHEREAS, the Agency has the general purpose of redevelopment and the elimination of blight and the provision of public facilities to be set forth in the Redevelopment Plan; and

WHEREAS, the approval of and implementation of the Agreement will not alter the policy of the Agency that the power of eminent domain will not be available to the Agency, it being the intention of the Agency that the Redevelopment Plan not provide for the Agency to have the power of eminent domain; and

WHEREAS, consistent with the policy of the Agency concerning eminent domain, staff is instructed and directed that the power of eminent domain not be included in the Redevelopment Plan; and

WHEREAS, the Agency has reviewed evidence, including both oral testimony and writings, in connection with this matter, and has determined that the foregoing recitals, and each of them, are true and correct, and further has determined that the Agreement is in the best interests of the Agency and the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local law requirements.

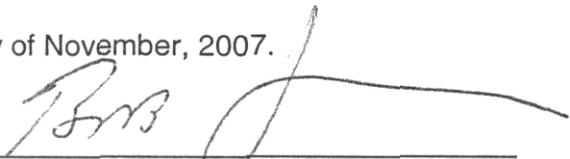
NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF LODI DOES RESOLVE AS FOLLOWS:

Section 1. The Agency finds and determines that the Agreement implements the Law and the efforts of the Agency to adopt and implement a Redevelopment Plan, is of benefit to those areas proposed for study for inclusion as a redevelopment project area (herein, the "Proposed Area"), will contribute to the eradication of blight in the Proposed Area, and is of benefit to the Agency.

Section 2. The Agency states as its policy that the Redevelopment Plan not include the power of eminent domain; staff is directed to cause the preparation of a Redevelopment Plan that does not include the power of eminent domain exercisable by the Agency.

Section 3. The Agency authorizes and directs the Executive Director to execute on behalf of the Agency the Agreement. The Agency further authorizes and directs staff to take all actions necessary and appropriate to implement the participation by the Agency pursuant to the Agreement.

APPROVED AND ADOPTED this 21st day of November, 2007.



Bob Johnson, Chair of the Redevelopment
Agency of the City of Lodi

ATTEST:



Randi Juhl, Secretary of the Redevelopment
Agency of the City of Lodi

STATE OF CALIFORNIA)
COUNTY OF SAN JOAQUIN)
CITY OF LODI)

I, Randi Juhl, Secretary of the Redevelopment Agency of the City of Lodi, do hereby certify that the foregoing Resolution No. RDA2007-04 was passed and adopted by the Redevelopment Agency of the City of Lodi in a special joint meeting with the Lodi City Council held November 21, 2007, by the following vote:

- AYES: MEMBERS - Hansen, Hitchcock, Katzakian, and Chairperson Johnson
- NOES: MEMBERS - Mounce
- ABSENT MEMBERS - None
- ABSTAIN: MEMBERS - None



Randi Juhl, Secretary of the Redevelopment
Agency of the City of Lodi

AMENDED AND RESTATED COOPERATION AGREEMENT

THIS **AMENDED AND RESTATED AGREEMENT** (the "Agreement") is entered into as of November 21, 2007, by and between the **CITY OF LODI** (herein the "City") and the **REDEVELOPMENT AGENCY OF THE CITY OF LODI** (herein the "Agency").

RECITALS

A. Pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.; the "Law"), the City Council of the City of Lodi, activated the Agency and has initiated a process for the consideration of the adoption of a redevelopment plan (the "Redevelopment Plan") for a redevelopment project proposed to be established consisting of certain territory in the eastern portion of the City limits (the "Project").

B. Pursuant to the Law, the Agency is performing a public function of the City and may have access to services and facilities of the City.

C. The Agency and the City have entered into previous agreements or arrangements and the Agency has previously issued promissory notes or incurred other obligations for the benefit of the City which evidence the indebtedness of the Agency to the City.

D. The City and the Agency desire to enter into this Agreement:

- (1) To set forth activities, services and facilities which the City will render for and make available to the Agency in furtherance of the activities and functions of the Agency under the Law; and
- (2) To provide that the Agency will reimburse the City for actions undertaken and costs and expenses incurred by it for and on behalf of the Agency.

AGREEMENTS

1. The City agrees to provide for the Agency such staff assistance, supplies, technical services and other services and facilities of the City as the Agency may require in carrying out its functions under the Law. Such assistance and services may include the services of officers and employees and special consultants. In addition, the City has engaged and will continue to utilize the services, for the benefit of the Agency, of various consultants, the

costs of which are being recorded by the City and which costs constitute indebtedness of the Agency to be repaid to the City by the Agency as provided herein.

2. The City may, but is not required to, advance necessary funds to the Agency or to expend funds on behalf of the Agency for implementation of the Redevelopment Plan, including, but not limited to, the costs of surveys, planning, studies and environmental assessments for implementation of the Redevelopment Plan, the costs of purchase of any property within the Project, demolition and clearance of properties purchased, building and site preparation, public improvements and relocation assistance to displaced residential and nonresidential occupants, if any, as required by law.

3. The City will keep records of activities and services undertaken pursuant to this Agreement and the costs thereof in order that an accurate record of the Agency's liability to the City can be ascertained. The City shall periodically, but not less than annually, submit to the Agency a statement of the costs incurred by the City in rendering activities and services of the City to the Agency pursuant to this Agreement. Such statement of costs may include a proration of the City's administrative and salary expense attributable to services of City officials, employees and departments rendered for the Agency.

4. The Agency agrees to pay the City, with interest, an amount equal to all expenditures made and obligations and liabilities incurred by the City pursuant to this Agreement from and to the extent that funds are available to the Agency for such purpose pursuant to Section 33670 of the Health and Safety Code ("Tax Increment") and the Agency pledges the Tax Increment to repayment of its indebtedness to the City hereunder: provided, however, that the Agency shall have the sole and exclusive right to subordinate such pledge for the benefit of the City to such other pledges as the Agency may make with respect to repayment of other indebtedness incurred by the Agency in carrying out the Project. The costs of the City under this Agreement will be shown on statements submitted to the Agency pursuant to Section 3 above. The parties recognize that repayment may occur over a period of time. Interest shall accrue on all amounts payable by the Agency pursuant to this Agreement at the rate of the lesser of (i) twelve percent (12%) per annum, or (ii) the highest legally-allowable interest rate for a redevelopment agency.

5. The Agency agrees that it shall comply with the City's personnel policies and administrative regulations in connection with its activities and obligations under this Agreement.

6. The City agrees to include the Agency within the terms of the City's insurance policy. The Agency shall pay to the City its pro rata share of the costs of insurance applicable to its activities resulting from the Agency's inclusion in the City's policy.

7. The obligations of the Agency under this Agreement shall constitute an indebtedness of the Agency within the meaning of Section 33670 *et seq.* of the Law.

8. The obligation of the Agency to make payment to the City shall, without necessity of further action by the Agency or City, be junior and subordinate to all other obligations or indebtedness heretofore or hereafter voluntarily incurred by the Agency, excepting only to the extent, if any, that the Agency expressly provides to contrary effect in the instruments creating such other obligations or indebtedness.

9. This Agreement shall supercede prior agreements between the parities hereto covering the same subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CITY OF LODI, a California Municipal Corporation

By: 
Blair King, City Manager

ATTEST:

Randi Clerk

REDEVELOPMENT AGENCY OF THE CITY OF LODI

By: 
Executive Director

ATTEST:

Agency Secretary

APPROVED AS TO FORM:


D. STEPHEN SCHWABAUER
City Attorney