



**RESOURCE MANAGEMENT
AGENCY
COUNTY OF TULARE
AGENDA ITEM**

BOARD OF SUPERVISORS

ALLEN ISHIDA
District One

PETE VANDER POEL
District Two

PHILLIP A. COX
District Three

J. STEVEN WORTHLEY
District Four

MIKE ENNIS
District Five

AGENDA DATE: June 29, 2010

Public Hearing Required	Yes	☐	No	☒	N/A	☐
Scheduled Public Hearing w/Clerk	Yes	☐	No	☒	N/A	☐
Published Notice Required	Yes	☐	No	☒	N/A	☐
Advertised Published Notice	Yes	☐	No	☒	N/A	☐
Meet & Confer Required	Yes	☐	No	☒	N/A	☐
Electronic file(s) has been sent	Yes	☒	No	☐	N/A	☐
Budget Transfer (Aud 308) attached	Yes	☐	No	☒	N/A	☐
Personnel Resolution attached	Yes	☐	No	☒	N/A	☐
Resolution, Ordinance or Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s) Yes ☒ No ☐ N/A ☐						

CONTACT PERSON: Celeste Perez PHONE: (559) 624-7000

SUBJECT: Requested Subordination of Tax Increment Revenue Payments to the Tulare Redevelopment Agency 2010 Tax Allocation Bonds

REQUEST(S):

That the Board of Supervisors:

1. Receive a status update, review and discuss the City of Tulare Redevelopment Agency's request for subordination of County Tax Increment Revenues to 2010 Tulare Redevelopment Agency Tax Allocation Bonds.
2. Authorize the County Administrative Officer or staff to take appropriate action as directed by your Board.

SUMMARY:

On April 14 and April 19, 2010, the Tulare County Auditor-Controller received a Request for Subordination of Tax Revenues from the Redevelopment Agency of the City of Tulare (the "Agency")(Attachments 1 and 2). The request stated that the Agency planned to issue approximately \$18 million of 2010 Tax Allocation Bonds (the "Bonds"). The request further asks that the County subordinate to the new Agency debt the amount of tax increment revenues required to be paid annually by the Agency to the County. Redevelopment law requires that the County respond within 45 days after receipt of the Agency's request.

The County Administrative Officer responded on May 28, 2010, with a letter to the Agency stating the County does not agree to subordination of its tax increment revenue payments to the Bonds. (Attachment 3).

SUBJECT: Requested Subordination of Tax Increment Revenue Payments to the
Tulare Redevelopment Agency 2010 Tax Allocation Bonds
DATE: June 29, 2010

The Agency replied with a letter on June 1, 2010, to the Tulare County Auditor indicating that the County (the Taxing Entity) had not disapproved their request for subordination during the statutory 45 day waiting period and therefore their request is automatically deemed approved and will be final and conclusive (Attachment 4).

FISCAL IMPACT/FINANCING:

Subordination to the Agency Tax Allocation Bond may result in non-payment of tax increment revenue to the County. Unless the Board of Supervisors takes action to disapprove this subordination request with substantial evidence, subordination to the Agency Tax Allocation Bond may cause a loss of County revenue (line 5900 RDA pass through) in the amount of \$263,149 the first year and higher or lower amounts over the final 29 year life of the Bonds, should the revenue from the Agency's RDA fall below the amount needed to pay the bond.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

This matter pertains to the City of Tulare Redevelopment Agency's tax increment revenue payments to the County of Tulare, which is appropriate to Strategic Initiative 2: Economic Well-Being.

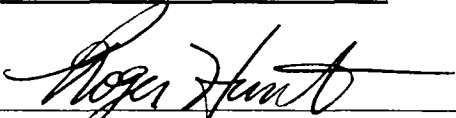
ALTERNATIVES:

Take no further action which will result in an automatic subordination of County tax increment revenue payments to the Bonds.

INVOLVEMENT OF OTHER DEPARTMENTS OR AGENCIES:

Tulare County Auditor/Controller to provide review of fiscal impact and County Counsel to review all documents.

ADMINISTRATIVE SIGN-OFF:



Roger Hunt, Assistant RMA Director
Administration/Community Development Branch

cc: Auditor/Controller
County Counsel
County Administrative Office (2)

Attachment(s)

1. Letter from Agency received April 14, 2010 requesting subordination
2. Letter from Agency received April 19, 2010 requesting subordination
3. Letter to Agency rejecting subordination
4. Letter from Agency indicating request for subordination deemed approved

BEFORE THE BOARD OF SUPERVISORS COUNTY OF TULARE, STATE OF CALIFORNIA

IN THE MATTER OF REQUESTED)
SUBORDINATION OF TAX)
INCREMENT REVENUE PAYMENTS)
TO THE TULARE REDEVELOPMENT)
AGENCY 2010 TAX ALLOCATION)
BONDS)

RESOLUTION NO. _____
AGREEMENT NO. _____

UPON MOTION OF SUPERVISOR _____, SECONDED BY
SUPERVISOR _____, THE FOLLOWING WAS ADOPTED BY THE
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD JUNE 29, 2010, BY
THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: JEAN M. ROUSSEAU
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

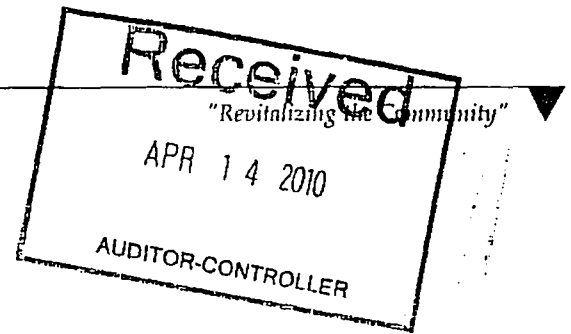
BY: _____
Deputy Clerk

* * * * *

1. Received a status update, reviewed and discussed the City of Tulare Redevelopment Agency's request for subordination of County Tax Increment Revenues to 2010 Tulare Redevelopment Agency Tax Allocation Bonds.
2. Authorized the County Administrative Officer or staff to take appropriate action as directed by your Board.



April 13, 2010



Tulare County Auditor
 County Civic Center Room 101-E
 Visalia, CA 93291

Re: Request for Subordination of Tax Revenues

Redevelopment Agency of the City of Tulare (Merged Tulare Redevelopment Projects) 2010 Tax Allocation Bonds

Dear Tulare County Auditor:

The Redevelopment Agency of the City of Tulare (the "Agency") plans to issue approximately \$18 million of its Redevelopment Agency of the City of Tulare (Merged Tulare Redevelopment Projects) 2010 Tax Allocation Bonds in several series (the "Bonds"), in June 2010, under the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Law").

Pursuant to section 33607.5(e) of the Law, prior to incurring any loans, bonds, or other indebtedness ("new agency debt"), a redevelopment agency may request that an affected taxing entity subordinate to the new agency debt the amount of tax increment revenues required to be paid to the affected taxing entity, provided the affected taxing entity has approved the subordination pursuant to the Law. The purpose of this letter is to request approval by Tulare County Auditor (the "Taxing Entity") of a subordination to the Bonds of the amount of tax increment revenues required to be paid by the Agency to the Taxing Entity.

Section 33607.5(e)(2) of the Law requires that, at the time of a request for subordination, the requesting redevelopment agency must provide the affected taxing entity with substantial evidence that sufficient funds will be available to pay both the debt service on the new agency debt and the payments required to be paid to the affected taxing entity, when due. Attached hereto, as Table 1, is the evidence required by the Law to show that sufficient funds will be available to pay both the debt service on the Bonds and the payments required to be paid to the Taxing Entity.

Section 33607.5(e)(3) of the Law requires that within 45 days after receipt of a redevelopment agency's request, the affected taxing entity must approve or disapprove the request for subordination, but an affected taxing entity may disapprove a request for subordination only if it finds, based upon substantial evidence, that the redevelopment agency

will not be able to pay the debt payments and the amount required to be paid to the affected taxing entity. If the affected taxing entity does not act within 45 days after receipt of the redevelopment agency's request, the request to subordinate is automatically deemed approved and will be final and conclusive.

Thank you very much for your assistance. If you have any questions, please feel free to call Bob Nance, Redevelopment Director for the Agency at (559) 684-4255 or the Agency's Financial Advisor, Craig Hill of Northcross, Hill & Ach, at (415) 785-2025.

Very truly yours,

REDEVELOPMENT AGENCY OF THE
CITY OF TULARE

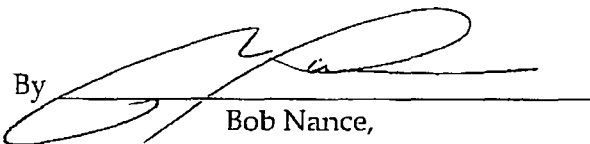
By 
Bob Nance,
Redevelopment Director

Table 1

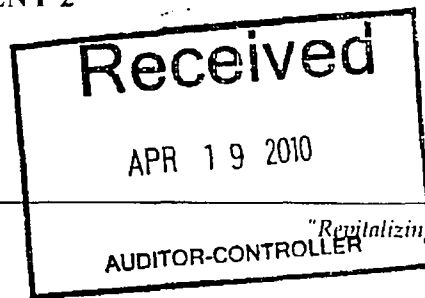
[Attach Table 1 that sufficient funds will be available to pay both the debt service on the proposed Bonds and the payments required to be paid to the affected taxing entity]

Table 1
Tulare Redevelopment Agency
Merged Project Area

PROJECTION OF INCREMENTAL TAX REVENUE AND BOND COVERAGE
(000's Omitted)

Fiscal Year	(1) Total Value	Value Over Base Of \$62,275	Total Tax (2) Increment	(3) Section 33676	Property Tax (4) Admin Fees	Total Housing (5) Self-Aside	(6) Negotiated Tax Sharing	(7) Development Agreement	(8) Tax Revenues	(9) Estimated Bond Debt Service	Mandatory Payment AB 1280 (10)	Net Tax Revenues
2009 - 2010	\$859,584	\$633,647	\$6,377	560	\$140	\$1,263	\$1,346	\$545	\$2,923	\$0	\$848	\$2,075
2010 - 2011	857,807	631,870	6,380	60	140	1,260	1,377	780	2,743	429	845	1,459
2011 - 2012	872,768	646,828	6,508	63	143	1,288	1,421	795	2,787	800	873	1,124
2012 - 2013	886,023	662,086	6,662	67	148	1,319	1,455	512	3,152	1,062	912	1,177
2013 - 2014	903,585	677,648	6,817	71	150	1,349	1,511	145	3,591	1,443	952	1,188
2014 - 2015	919,458	693,522	6,978	75	153	1,380	1,557	148	3,662	1,441	995	1,224
2015 - 2016	935,650	709,713	7,138	79	157	1,412	1,604	151	3,734	1,588	1,043	1,103
2016 - 2017	952,165	726,228	7,303	84	160	1,444	1,653	154	3,808	1,588	1,086	1,124
2017 - 2018	969,011	743,073	7,472	88	164	1,477	1,702	157	3,884	1,584	1,150	1,148
2018 - 2019	986,193	760,258	7,643	92	168	1,510	1,752	161	3,960	1,587	1,205	1,168
2019 - 2020	1,003,719	777,782	7,819	97	172	1,544	1,803	164	4,039	1,587	1,262	1,191
2020 - 2021	1,021,595	795,658	7,997	101	176	1,578	1,904	167	4,070	1,552	1,321	1,187
2021 - 2022	1,039,829	813,892	8,180	105	180	1,615	1,958	170	4,150	1,552	1,381	1,217
2022 - 2023	1,058,428	832,491	8,366	111	184	1,651	2,015	174	4,232	1,548	1,443	1,241
2023 - 2024	1,082,230	851,293	8,552	115	185	1,681	2,068	177	4,257	1,510	1,485	1,252
2024 - 2025	1,081,302	857,293	8,613	121	189	1,698	2,083	181	4,341	1,511	1,558	1,271
2025 - 2026	895,121	680,196	8,824	125	150	1,340	1,485	0	3,743	982	1,505	1,256
2026 - 2027	911,880	698,855	6,991	131	154	1,372	1,514	0	3,821	985	1,564	1,282
2027 - 2028	928,974	714,049	7,152	135	157	1,405	1,564	0	3,800	1,009	1,623	1,287
2028 - 2029	946,410	731,485	7,337	141	161	1,439	1,615	0	3,880	1,032	1,680	1,288
2029 - 2030	964,195	749,270	7,514	147	165	1,474	1,667	0	4,062	1,055	1,760	1,247
2030 - 2031	982,335	767,411	7,696	152	169	1,509	1,720	0	4,146	1,084	1,831	1,231
2031 - 2032	1,000,839	785,614	7,881	158	173	1,545	1,774	0	4,232	1,118	1,904	1,210
2032 - 2033	1,018,712	804,787	8,070	164	177	1,581	1,829	0	4,319	1,151	1,987	1,180
2033 - 2034	1,038,963	824,038	8,252	170	181	1,619	1,885	0	4,408	1,183	2,072	1,142
2034 - 2035	1,058,599	843,674	8,459	176	186	1,657	1,942	0	4,496	1,232	2,159	1,107
2035 - 2036	1,078,627	863,703	8,659	182	190	1,695	2,001	0	4,581	1,267	2,249	1,075
2036 - 2037	1,050,517	840,081	8,420	186	185	1,648	1,912	0	4,489	1,214	2,281	995
2037 - 2038	1,070,423	859,987	8,620	194	189	1,685	1,970	0	4,581	1,259	2,371	952
2038 - 2039	1,090,727	880,281	8,823	201	194	1,724	2,028	0	4,675	1,303	2,463	908
2039 - 2040	1,111,437	901,001	9,030	208	198	1,764	2,088	0	4,771	1,351	2,558	863
2040 - 2041	1,132,562	922,125	9,241	214	203	1,805	2,149	0	4,868	1,261	2,652	856
Cumulative Total			247,841	4,078	5,438	48,713	56,301	4,883	128,429	38,290	51,050	38,089

- (1) Future values reduced in 2010-11 by .237%, then increased at 2 percent per year.
- (2) Based on the application of 1% tax rate to incremental taxable value plus estimated unitary revenue.
- (3) Allocations per former Section 33676 of the CRL.
- (4) Amount shown reflects estimated property tax administrative fees charged by County at 2.6%.
- (5) Based on 20 percent of total tax increment.
- (6) Tax sharing agreements with the County, the Air Pollution Control District, the Flood Control District and the Memorial District.
- (7) Payments under CPI and Land O Lakes agreements.
- (8) Portion of tax increment pledged to repayment of the proposed bonds.
- (9) Estimated debt service on bond issue with approximate par amount of \$18 million.
- (10) Required payments per the provisions of Section 33607.5 and 33607.7 of the CRL.
- (11) Last date to receive tax increment for the following: Downtown Original Area - 2022-23; Alpine Original Area - 2024-25; Alpine Amendment Area - 2035-36; Downtown 1989 Amendment 2039-40 and Downtown 2000 Amendment 2045-46; K Street Original 2040-41; K Street Amendment 2043-44; and West Tulare 2040-41.



April 16, 2010

Tulare County Flood Control District
County Civic Center-Rm 101E
Visalia, CA 93291

Re: Request for Subordination of Tax Revenues

Redevelopment Agency of the City of Tulare (Merged Tulare Redevelopment Projects) 2010 Tax Allocation Bonds

To Whom It May Concern:

On April 13, 2010 the Redevelopment Agency of the City of Tulare (the "Agency") sent you a letter regarding our plans to issue approximately \$18 million in bonds. The letter requested that you subordinate your payment under Section 33607.5 and Section 33607.7 of the Health & Safety Code. After sending the letter, our consultant determined there was an error in Table 1 that understated the amount of tax revenues we have available to pay both the debt service on the Bonds and the payments required to be paid to you. Attached to this letter is a revised Table 1.

Thank you very much for your assistance. If you have any questions, please feel free to call Bob Nance, Redevelopment Director for the Agency at (559) 684-4255 or the Agency's Financial Advisor, Craig Hill of Northcross, Hill & Ach, at (415) 785-2025.

Very truly yours,

REDEVELOPMENT AGENCY OF THE
CITY OF TULARE

By

 A handwritten signature in black ink, appearing to be 'Bob Nance', written over a horizontal line.

Bob Nance,
Redevelopment Director

Table 1
Tulare Redevelopment Agency
Merged Project Area

PROJECTION OF INCREMENTAL TAX REVENUE AND BOND COVERAGE
(000's Omitted)

Fiscal Year	(1) Total Value	(1) Value Over Base Of \$52,275	Total Tax (2) Increment	(3) Section 33676	Property Tax (4) Admin Fees	Total Housing (5) Self-Aide	(6) Negotiated Tax Sharing	(7) Development Agreement	(8) Tax Revenues	(9) Estimated Bond Debt Service	Mandatory Payment AB 1290 (10)	Net Tax Revenues
2009 - 2010	\$859,584	\$833,647	\$6,377	580	\$140	\$1,283	\$735	\$645	\$3,535	\$0	\$848	\$2,686
2010 - 2011	857,807	831,870	6,360	60	140	1,260	769	780	3,351	429	845	2,077
2011 - 2012	872,768	846,828	8,509	63	143	1,289	783	786	3,435	800	873	1,762
2012 - 2013	888,023	862,086	6,662	67	146	1,319	797	797	3,820	1,062	912	1,845
2013 - 2014	903,585	877,848	6,817	71	150	1,349	812	145	4,200	1,443	852	1,885
2014 - 2015	918,459	893,522	6,978	75	153	1,380	826	148	4,383	1,441	886	1,855
2015 - 2016	935,660	908,713	7,138	79	157	1,412	841	151	4,487	1,588	1,043	1,866
2016 - 2017	952,165	926,228	7,303	84	160	1,444	857	154	4,604	1,588	1,098	1,920
2017 - 2018	966,011	943,073	7,472	88	164	1,477	873	157	4,713	1,584	1,150	1,979
2018 - 2019	986,193	960,256	7,643	92	188	1,510	889	161	4,824	1,587	1,205	2,031
2019 - 2020	1,003,719	977,782	7,819	87	172	1,544	905	164	4,937	1,587	1,262	2,089
2020 - 2021	1,021,595	995,958	7,997	101	176	1,578	970	167	5,004	1,552	1,321	2,131
2021 - 2022	1,039,829	1,013,892	8,180	106	180	1,615	989	170	5,120	1,552	1,381	2,187
2022 - 2023	1,058,428	1,032,481	8,366	111	184	1,651	1,008	174	5,239	1,548	1,443	2,248
2023 - 2024	1,082,230	1,057,293	8,422	116	185	1,681	981	177	5,302	1,510	1,495	2,297
2024 - 2025	1,081,302	1,056,366	8,613	121	189	1,688	1,000	181	5,424	1,511	1,558	2,365
2025 - 2026	895,121	880,196	8,824	125	150	1,340	343	0	4,866	882	1,505	2,378
2026 - 2027	911,860	896,955	8,891	131	154	1,372	352	0	4,983	995	1,564	2,425
2027 - 2028	928,974	914,049	7,162	136	157	1,405	361	0	5,103	1,009	1,623	2,470
2028 - 2029	946,410	931,485	7,337	141	161	1,439	370	0	5,225	1,032	1,690	2,503
2029 - 2030	964,195	949,270	7,514	147	165	1,474	379	0	5,350	1,055	1,760	2,535
2030 - 2031	982,335	967,411	7,696	152	169	1,509	389	0	5,477	1,084	1,831	2,561
2031 - 2032	1,000,839	985,914	7,881	158	173	1,545	399	0	5,607	1,118	1,904	2,585
2032 - 2033	1,019,712	1,004,787	8,070	164	177	1,581	409	0	5,739	1,151	1,987	2,601
2033 - 2034	1,038,983	1,024,038	8,262	170	181	1,619	419	0	5,874	1,183	2,072	2,609
2034 - 2035	1,058,589	1,043,674	8,459	178	186	1,657	429	0	6,011	1,232	2,159	2,620
2035 - 2036	1,078,627	1,063,703	8,659	182	190	1,695	440	0	6,152	1,267	2,249	2,636
2036 - 2037	1,050,517	1,035,587	8,420	188	185	1,646	302	0	6,099	1,214	2,281	2,605
2037 - 2038	1,070,423	1,055,497	8,620	194	189	1,685	310	0	6,241	1,259	2,371	2,611
2038 - 2039	1,090,727	1,075,797	8,823	201	184	1,724	318	0	6,385	1,303	2,463	2,620
2039 - 2040	1,111,437	1,096,501	9,030	208	198	1,764	325	0	6,533	1,351	2,556	2,628
2040 - 2041	1,132,552	1,117,325	9,241	0	203	1,805	0	0	7,233	1,261	2,652	3,320
Cumulative Total			247,641	3,884	5,438	48,713	19,578	4,683	185,366	39,230	51,050	75,026

(1) Future values reduced in 2010-11 by 237%, then increased at 2 percent per year.
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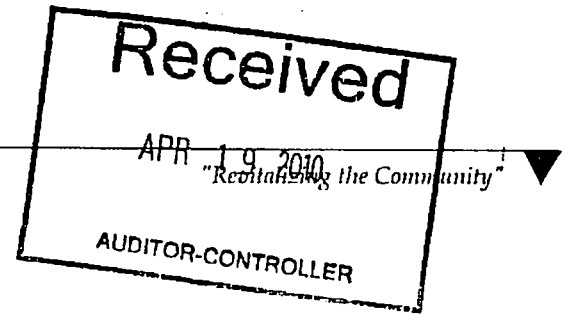
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(5) Based on 20 percent of total tax increment.

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(11) Last date to receive tax increment for the following: Downtown Original Area - 2024-25;

Alpine Amendment Area - 2035-36, Downtown 1989 Amendment 2039-40 and Downtown 2000 Amendment 2045-46;
K Street Original 2040-41; K Street Amendment 2043-44; and West Tulare 2040-41.



April 16, 2010

Tulare County Flood Air Pollution
County Civic Center Rm 101E
Visalia Ca 93291

Re: Request for Subordination of Tax Revenues

Redevelopment Agency of the City of Tulare (Merged Tulare Redevelopment
Projects) 2010 Tax Allocation Bonds

To Whom It May Concern:

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Very truly yours,

REDEVELOPMENT AGENCY OF THE
CITY OF TULARE

By

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Bob Nance,
Redevelopment Director

20018.02:J10736

Table 1
Tulane Redevelopment Agency
Merged Project Area

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(000's Omitted)

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2018 - 2019	986,193	760,256	7,643	92	168	1,510	889	161	4,824	1,587	1,205	2,031
2019 - 2020	1,003,718	777,782	7,819	97	172	1,544	905	164	4,937	1,567	1,262	2,089
2020 - 2021	1,021,595	795,658	7,997	101	176	1,579	920	167	5,004	1,552	1,321	2,131
2021 - 2022	1,039,829	813,892	8,180	106	180	1,615	939	170	5,120	1,552	1,381	2,187
2022 - 2023	1,058,428	832,491	8,366	111	184	1,651	951	174	5,239	1,548	1,443	2,248
2023 - 2024	1,082,230	858,222	8,422	116	185	1,661	981	177	5,302	1,510	1,495	2,297
2024 - 2025	1,081,302	857,283	8,613	121	189	1,688	1,000	181	5,424	1,511	1,558	2,355
2025 - 2026	895,121	680,196	6,824	126	189	1,340	343	0	4,866	982	1,505	2,378
2026 - 2027	911,880	696,855	6,991	131	194	1,372	352	0	4,993	985	1,564	2,425
2027 - 2028	928,974	714,049	7,162	136	197	1,405	361	0	5,103	1,009	1,623	2,470
2028 - 2029	946,410	731,485	7,337	141	199	1,439	370	0	5,225	1,032	1,680	2,503
2029 - 2030	964,195	749,270	7,514	147	165	1,474	379	0	5,360	1,055	1,760	2,535
2030 - 2031	982,335	767,411	7,696	152	189	1,509	389	0	5,477	1,084	1,831	2,561
2031 - 2032	1,000,839	785,914	7,881	158	173	1,545	399	0	5,607	1,118	1,904	2,585
2032 - 2033	1,019,712	804,787	8,070	164	177	1,581	409	0	5,739	1,151	1,987	2,601
2033 - 2034	1,038,983	824,038	8,262	170	181	1,619	419	0	5,874	1,193	2,072	2,609
2034 - 2035	1,058,589	843,674	8,459	176	186	1,657	429	0	6,011	1,232	2,159	2,620
2035 - 2036	1,078,627	863,703	8,659	182	190	1,695	440	0	6,152	1,267	2,248	2,636
2036 - 2037	1,050,517	840,081	8,420	188	185	1,643	302	0	6,099	1,214	2,281	2,605
2037 - 2038	1,070,423	858,987	8,620	194	189	1,685	310	0	6,241	1,259	2,371	2,611
2038 - 2039	1,090,727	880,291	8,823	201	194	1,724	318	0	6,385	1,303	2,463	2,620
2039 - 2040	1,111,437	901,001	9,030	208	198	1,764	326	0	6,533	1,351	2,556	2,626
2040 - 2041	1,132,562	922,125	9,241	0	203	1,805	0	0	7,233	1,261	2,552	3,320
Cumulative Total			247,641	3,864	5,438	48,713	19,578	4,883	166,366	39,280	51,050	75,026

(1) Future values reduced in 2010-11 by .237%, then increased at 2 percent per year.

(2) Based on the application of 1% tax rate to incremental taxable value plus estimated unitary revenue.

(3) Allocations per former Section 33676 of the CRL.

(4) Amount shown reflects estimated property tax administrative fees charged by County at 2.6%.

(5) Based on 20 percent of total tax increment.

(6) Tax sharing agreements with the County, the Air Pollution Control District, the Flood Control District and the Memorial District.

(7) Payments under CPI and Land O Lakes agreements.

(8) Portion of tax increment pledged to repayment of the proposed bonds.

(9) Estimated debt service on bond issue with approximate par amount of \$18 million.

(10) Required payments per the provisions of Section 33676.5 and 33676.7 of the CRL.

(11) Last date to receive tax increment for the following: Downtown Original Area - 2022-23; Alpine Original Area - 2024-25; Alpine Amendment Area - 2035-36; Downtown 1988 Amendment 2039-40 and Downtown 2000 Amendment 2045-46; K Street Original 2040-41; K Street Amendment 2043-44; and West Tulare 2040-41.

ATTACHMENT 3

Administration Building
2800 W. Burrel Ave.
Visalia, California 93291
TEL: (559) 636-5005
FAX: (559) 733-6318
www.co.tulare.ca.us

County of Tulare



Jean M. Rousseau
County Administrative Officer
Kristin Bennett, Assistant
County Administrative Officer

May 28, 2010

*e-mailed, faxed
and mailed 5/28/10
Also e-mailed to
Tulare City Clerk*

Bob Nance, Redevelopment Director
Redevelopment Agency of the City of Tulare
411 East Kern Avenue
Tulare, CA 93274

Re: Request for Subordination of Tax Revenues. Redevelopment Agency of the City of Tulare (Merged Tulare Redevelopment Projects) 2010 Tax Allocation Bonds

Dear Mr. Nance:

Thank you for your letters regarding the above mentioned matter dated April 13, 2010, received by the Tulare County Auditor-Controller on April 14, 2010; and dated April 16, 2010, received by the Tulare County Auditor-Controller on April 19, 2010. The County of Tulare ("County") does not agree to subordination of its tax increment revenue payments to the 2010 City of Tulare Redevelopment Agency ("Agency") Tax Allocation Bonds (Merged Tulare Redevelopment Projects).

In your April 16, 2010 letter, the Agency requests that the County subordinate its redevelopment tax increment revenue payments pursuant to Health and Safety Code §§ 33607.5 and 33607.7, to the Agency's new \$18 million tax allocation bonds. Only H&S Code § 33607.5 authorizes subordination. Section 33607.5(e) states: "...the agency may subordinate to the loans ... the amount required to be paid to an affected taxing entity by this section...." There is no language authorizing subordination in Section 33607.7, therefore such payments should not be subordinated.

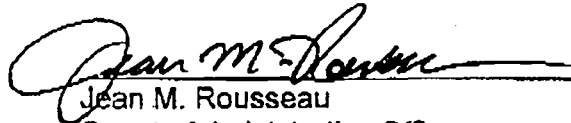
The County provides the following substantial evidence that the Agency will not be able to pay the bond debt payments and the amount required to be paid to the County, an "affected taxing entity."

There has been recent action by the Governor to take funds from the RDA's. On May 4, 2010, Sacramento Superior Court Judge Lloyd Connelly upheld AB X4 26, the state budget bill passed in July 2009 as part of the 2009-10 state budget that requires redevelopment agencies statewide to transfer \$2.05 billion in local redevelopment funds over the next two years. He also denied California Redevelopment Association's (CRA) request for a stay on the transfer of funds to the State Educational Revenue Augmentation Fund (SERAF) on May 10, 2010. On May 7, 2010, the Third District Court of Appeal denied CRA's request for a temporary stay on making SERAF payments. Based on payments required pursuant to AB X4 26, the risk redevelopment agencies will not have adequate funds is real and substantial. The California Redevelopment Agency Association lists estimated payments to SERAF from

Redevelopment Agencies, including the City of Tulare Redevelopment Agency. (Exhibit A. ¹) The chart provided with your April 13 and April 16 letters do not take these payments into account.

Further, we have information that Land O Lakes, within the City of Tulare Redevelopment Plan, is reducing its operations due to the economic downturn. (Exhibit B.) This reduction will negatively affect the Agency's tax increment revenue and further disable the Agency from making bond debt payments and payments to the County. As the economy will be slow to recover, we expect to see similar business contractions within the near future, in the Agency's redevelopment area. The Consumer Price Index has also deflated. (Exhibit C.) This will further lessen the Agency's ability to make payments.

Sincerely,



Jean M. Rousseau
County Administrative Officer

CC: Board of Supervisors
Tulare County Auditor

¹ See <www.calredevelop.org>;

<<http://www.calredevelop.org/AM/Template.cfm?Section=Home&TEMPLATE=/CM/ContentDisplay.cfm&CONTENTID=6570>>; and

<<http://www.calredevelop.org/AM/Template.cfm?Section=Home&TEMPLATE=/CM/ContentDisplay.cfm&CONTENTID=6571>>



Received

JUN - 8 2010

AUDITOR-CONTROLLER
"Revitalizing the Community"

June 1, 2010

Tulare County Auditor
County Civic Center, Rm 101-E
Visalia, CA 93291

Re: Subordination of Tax Revenues

Redevelopment Agency of the City of Tulare (Merged Tulare Redevelopment Projects) 2010 Tax Allocation Bonds

Dear Tulare County Auditor:

On April 13, 2010, a letter was sent to you (copy enclosed) indicating that the Redevelopment Agency of the City of Tulare (the "Agency") plans to issue approximately \$18 million of its Redevelopment Agency of the City of Tulare (Merged Tulare Redevelopment Projects) 2010 Tax Allocation Bonds in several series (the "Bonds"), under the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Law"). The Agency sent you a follow-up letter on April 16, 2010 with a revised Table 1.

In the April 13th letter and pursuant to Section 33607.5 of the Law, the Agency requested that the Tulare County Auditor (the "Taxing Entity") subordinate to the Bonds the amount of tax increment revenues required to be paid to the Taxing Entity. As required by the Law, the Agency provided the Taxing Entity with substantial evidence that sufficient funds will be available to pay, when due, both the debt service on the Bonds and the payments required to be paid to the Taxing Entity, including the revised Table 1 attached to the April 16th letter.

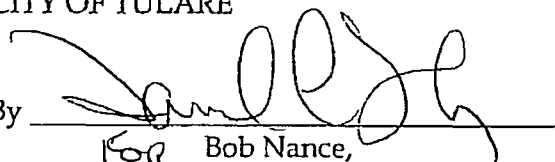
As the Taxing Entity has not disapproved our request for subordination during the statutory 45 day waiting period pursuant to the Law, under Section 33607.5(e)(3) of the Law our request to subordinate is automatically deemed approved and will be final and conclusive.

If you have any questions, please feel free to call me at (559) 684-4255 or the Agency's Financial Advisor, Craig Hill of Northcross, Hill & Ach at (415) 785-2025.

Very truly yours,

REDEVELOPMENT AGENCY OF THE
CITY OF TULARE

By


for Bob Nance,
Redevelopment Director



"Revitalizing the Community" ▼

April 13, 2010

Tulare County Auditor
County Civic Center, Rm 101 E
Visalia, CA 93291

Re: Request for Subordination of Tax Revenues

Redevelopment Agency of the City of Tulare (Merged Tulare Redevelopment Projects) 2010 Tax Allocation Bonds

Dear Tulare County Auditor:

The Redevelopment Agency of the City of Tulare (the "Agency") plans to issue approximately \$18 million of its Redevelopment Agency of the City of Tulare (Merged Tulare Redevelopment Projects) 2010 Tax Allocation Bonds in several series (the "Bonds"), in June 2010, under the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Law").

Pursuant to section 33607.5(e) of the Law, prior to incurring any loans, bonds, or other indebtedness ("new agency debt"), a redevelopment agency may request that an affected taxing entity subordinate to the new agency debt the amount of tax increment revenues required to be paid to the affected taxing entity, provided the affected taxing entity has approved the subordination pursuant to the Law. The purpose of this letter is to request approval by Tulare County Auditor (the "Taxing Entity") of a subordination to the Bonds of the amount of tax increment revenues required to be paid by the Agency to the Taxing Entity.

Section 33607.5(e)(2) of the Law requires that, at the time of a request for subordination, the requesting redevelopment agency must provide the affected taxing entity with substantial evidence that sufficient funds will be available to pay both the debt service on the new agency debt and the payments required to be paid to the affected taxing entity, when due. Attached hereto, as Table 1, is the evidence required by the Law to show that sufficient funds will be available to pay both the debt service on the Bonds and the payments required to be paid to the Taxing Entity.

Section 33607.5(e)(3) of the Law requires that within 45 days after receipt of a redevelopment agency's request, the affected taxing entity must approve or disapprove the request for subordination, but an affected taxing entity may disapprove a request for subordination only if it finds, based upon substantial evidence, that the redevelopment agency will not be able to pay the debt payments and the amount required to be paid to the affected taxing entity. If the affected taxing entity does not act within 45 days after receipt of the

Table 1
Tulare Redevelopment Agency
Merged Project Area

PROJECTION OF INCREMENTAL TAX REVENUE AND BOND COVERAGE
(000's Omitted)

Fiscal Year	(1) Total Value	Value Over Base Of \$02,275	Total Tax (2) Increment	(3) Section 33678	Property Tax (4) Admin Fees	Housing Self-Aid	Total Housing (6) Self-Aid	(6) Negotiated Tax Sharing	(7) Development Agreement	(8) Tax Revenues	(9) Estimated Bond Debt Service	Mandatory AB 1250 (10) Payment	Net Tax Revenues
2008 - 2010	\$859,504	\$633,547	\$6,377	580	5140	\$1,263	\$735	\$645	\$645	\$3,535	\$0	\$848	\$2,688
2010 - 2011	\$57,807	\$31,970	630	60	140	1,280	789	780	780	3,351	439	845	2,077
2011 - 2012	\$72,760	\$46,928	8,509	63	143	1,289	783	788	788	3,435	800	873	1,762
2012 - 2013	\$88,023	\$62,085	8,582	87	148	1,319	797	812	812	3,820	1,082	912	1,845
2013 - 2014	\$93,885	\$77,648	8,817	71	150	1,349	812	145	145	4,280	1,443	952	1,895
2014 - 2015	\$19,459	\$95,522	5,976	75	153	1,380	828	148	148	4,383	1,441	966	1,855
2015 - 2016	\$35,660	\$709,713	7,138	79	157	1,412	841	151	151	4,497	1,588	1,043	1,889
2016 - 2017	\$82,165	\$28,228	7,303	84	160	1,444	857	154	154	4,604	1,588	1,068	1,920
2017 - 2018	\$89,011	\$743,073	7,472	88	164	1,477	873	167	167	4,713	1,584	1,160	1,979
2018 - 2019	\$96,153	\$760,256	7,643	92	168	1,510	889	161	161	4,824	1,587	1,205	2,031
2019 - 2020	\$1,003,719	\$777,782	7,819	97	172	1,544	905	184	184	4,937	1,587	1,282	2,089
2020 - 2021	\$1,021,895	\$785,958	7,997	101	176	1,579	970	107	107	5,004	1,552	1,321	2,131
2021 - 2022	\$1,039,929	\$813,892	8,180	108	180	1,615	989	170	170	5,120	1,552	1,381	2,187
2022 - 2023	\$1,058,428	\$832,491	8,366	111	184	1,651	1,008	174	174	5,239	1,648	1,443	2,248
2023 - 2024	\$1,082,230	\$859,222	8,422	118	185	1,681	1,081	177	177	5,302	1,610	1,485	2,287
2024 - 2025	\$1,081,302	\$877,293	8,513	121	188	1,698	1,000	181	181	5,424	1,511	1,568	2,355
2025 - 2026	\$95,121	\$890,188	8,624	128	150	1,340	343	0	0	4,888	882	1,505	2,378
2026 - 2027	\$91,980	\$898,955	8,991	131	154	1,372	352	0	0	4,963	885	1,584	2,425
2027 - 2028	\$92,874	\$914,048	7,162	136	157	1,405	381	0	0	5,103	1,009	1,623	2,470
2028 - 2029	\$96,410	\$931,485	7,337	141	161	1,439	370	0	0	5,225	1,032	1,680	2,503
2029 - 2030	\$94,185	\$949,270	7,514	147	165	1,474	378	0	0	5,350	1,055	1,740	2,535
2030 - 2031	\$82,336	\$967,411	7,696	152	169	1,509	389	0	0	5,477	1,084	1,831	2,561
2031 - 2032	\$1,000,639	\$985,914	7,881	158	173	1,545	399	0	0	5,607	1,118	1,904	2,585
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2038 - 2039	\$1,090,727	\$980,291	8,823	201	194	1,724	318	0	0	6,385	1,303	2,463	2,620
2039 - 2040	\$1,111,437	\$901,001	9,030	208	198	1,764	326	0	0	6,533	1,351	2,558	2,626
2040 - 2041	\$1,132,582	\$922,125	9,241	0	203	1,805	0	0	0	7,233	1,291	2,652	3,320
Cumulative Total		247,841	3,886	6,438	48,713	19,578	4,883	185,366	39,280	51,050	76,028		

(1) Future values reduced in 2010-11 by .237%, then increased at 2 percent per year.

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(11) Last date to receive tax increment for the following: Downtown Original Area - 2022-23; Alpine Original Area - 2024-25; Alpine Amendment Area - 2035-38; Downtown 1988 Amendment 2039-40 and Downtown 2000 Amendment 2045-48; K Street Original 2040-41; K Street Amendment 2043-44; and West Tulare 2040-41.

Fraser Associates
Upjohn

Tax Increment Projections for Subordination
4/19/2010