

**CONFIRMATION OF LOAN AGREEMENT  
CONCERNING AN ENFORCEABLE OBLIGATION  
OF THE REDEVELOPMENT AGENCY  
OF THE CITY OF BRISBANE**

**THIS CONFIRMATION OF LOAN AGREEMENT**, effective as of February 1, 2012, between THE CITY OF BRISBANE, a municipal corporation ("City"), and THE CITY OF BRISBANE, ACTING IN ITS CAPACITY AS SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF BRISBANE ("Successor Agency") is made with reference to the following facts:

A. The California State Legislature enacted Assembly Bill x1 26 (the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Act (Health and Safety Code Section 33000 et seq.; the "Redevelopment Law").

B. Pursuant to Section 34173 of the Redevelopment Law, the City of Brisbane elected to act as the successor agency ("Successor Agency") for the dissolved Redevelopment Agency, effective as of February 1, 2012.

C. The Dissolution Act provides for the appointment of an oversight board for each dissolved redevelopment agency, with certain specific duties as described in Section 34180 of the Redevelopment Law, including the duty to approve enforceable obligations of the dissolved redevelopment agency.

D. An oversight board has been duly appointed for the dissolved Brisbane redevelopment agency (the "Brisbane Oversight Board").

E. Sections 34177 (j), (k) and (l)(2)(A) of the Redevelopment Law requires the Successor Agency to prepare a draft recognized obligation payment schedule (the "ROPS") showing the outstanding enforceable obligations of the dissolved redevelopment agency that should be paid by the Successor Agency.

E. The ROPS must be approved by the Oversight Board pursuant to Sections 34177(1)(2)(B) and 34177(j).

F. A proposed ROPS for the dissolved Brisbane redevelopment agency, dated April 15, 2012, a copy of which is attached hereto as Exhibit "A" and made a part hereof (the "4/15/12 ROPS"), was presented to the Brisbane Oversight Board and considered at its meeting on April 16, 2012.

G. The Brisbane Oversight Board approved the 4/15/12 ROPS, as modified, subject to additional documentation to evidence the amount of existing indebtedness owed by the Brisbane redevelopment agency to the City of Brisbane for completion of the 2001 Marina Refinancing, set forth as item number 2 on the 4/15/12 ROPS.

H. The background facts resulting in the creation of such indebtedness are as follows:

- (a) The original development of the Brisbane Marina was financed through the issuance of bonds (the "Marina Bonds") for which the payment of principal and interest to bondholders was guaranteed by MetLife Insurance Company ("MetLife").
- (b) Because of market-caused delays in the construction of improvements contemplated by the Sierra Point Redevelopment Plan, the revenue generated by the project area was insufficient to pay all of the debt service on the Marina Bonds. As a result, MetLife was required to make continuing payments to cover the deficits. Under the terms of the loan documents pertaining to the MetLife guarantee, the Brisbane redevelopment agency was obligated to repay MetLife for all amounts advanced for debt service on the Marina Bonds, together with interest thereon.
- (c) For the purpose of reducing the indebtedness owed by the Brisbane redevelopment agency to MetLife and also to provide additional savings by a reduction of the rate of interest on the Marina Bonds, in 2001 the Brisbane redevelopment agency refinanced the Marina Bonds with a new bond issue. However, the total amount that could be raised by the new bond issue was insufficient to pay all of the outstanding indebtedness then owed to MetLife. The City of Brisbane therefore made a loan to the Brisbane redevelopment agency (the "City Loan") that was utilized for payment of the remaining balance.

I. From the time the City Loan was first made to the Brisbane redevelopment agency, the total amount of such loan has been included on each Statement of Indebtedness and Comprehensive Annual Financial Report ("CAFR") filed by the Brisbane redevelopment agency with the County Auditor-Controller and the State of California, respectively. The City Loan has also been shown on each of the audited financial statements of the Agency. A copy of the 2001 Statement of Indebtedness and the 2001 CAFR is attached hereto as Exhibit "B" and made a part hereof.

J. With the dissolution of the Brisbane redevelopment agency, the City Loan became an enforceable obligation owed by the Successor Agency and for this reason has been included in the 4/15/12 ROPS.

K. The purpose of this Agreement is to confirm the outstanding principal balance of the City Loan and to establish the terms for repayment of such loan, as hereinafter set forth.

**NOW, THEREFORE, it is agreed as follows:**

1. The parties confirm and acknowledge that the outstanding principal balance of the City Loan as of the effective date of this Agreement is the sum of \$2,295,996.00.

2. The City Loan, together with interest thereon at the rate of 0.0021 percent, being the current two-year Treasury Rate, shall be paid in annual installments over a period of 14 years, due

on February 28<sup>th</sup> of each year, commencing February 28, 2012, in accordance with the schedule of payments set forth in Exhibit "C" attached hereto and incorporated herein by reference.

3. The City Loan shall continue to be shown as a recognized obligation on all future ROPS submitted by the Successor Agency and as an outstanding liability on any other financial statements of the Successor Agency until the City Loan has been repaid in full.

**IN WITNESS WHEREOF**, the parties have executed this Agreement effective as of the day and year first above written.

CITY OF BRISBANE

By: \_\_\_\_\_  
Cliff Lentz, Mayor

Attest:

\_\_\_\_\_  
Sheri Marie Spediacci, City Clerk

Approved as to form:

\_\_\_\_\_  
Harold S. Toppel, City Attorney

THE CITY OF BRISBANE, ACTING IN ITS  
CAPACITY AS SUCCESSOR AGENCY OF  
THE REDEVELOPMENT AGENCY OF  
THE CITY OF BRISBANE

By: \_\_\_\_\_  
Cliff Lentz, Mayor

Attest:

\_\_\_\_\_  
Sheri Marie Spediacci, City Clerk

Approved as to form:

\_\_\_\_\_  
Harold S. Toppel, City Attorney

Recognized Obligation Payment Schedule

4/15/2012

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year *	Funding Source	Payments by month					Total	
						January	February	March	April	May		June
<b>Project Area #1</b>												
1. 2001 Tax Allocation Bond	Brisbane Financing Authority	Non-housing projects	23,930,600.00	2,703,400.00	B					1,144,900.00		\$ 1,144,900.00
2. Completion of 2001 Marina Refinancing	City of Brisbane	Development of Marina	2,629,062.37						3,821.00			
3. 2001 Tax Allocation Bond	Bank of New York	Trustee Costs for processing bond issue	3,821.00	3,821.00	B				3,821.00			3,821.00
4. 2001 Tax Allocation Bond	NBS Government Finance	Continuing Disclosure Costs		2,447.72	B							
5. General County Tax	San Mateo County	pass-through payments under H&S Code section 33607.7	39,940.51	39,940.51	B					38,940.51		39,940.51
6. City of Brisbane	City of Brisbane	pass-through payments under H&S Code section 33607.8	48,526.35	48,526.35	B					48,526.35		48,526.35
7. Free Library	San Mateo County	pass-through payments under H&S Code section 33607.7	5,822.21	5,822.21	B					5,822.21		5,822.21
8. Bayshore Elementary General Purpose	Bayshore Elementary School District	pass-through payments under H&S Code section 33607.7	1,696.47	1,696.47	B					1,696.47		1,696.47
9. Bayshore Elementary General Purpose	Bayshore Elementary School District	pass-through payments under H&S Code section 33607.7	30,493.59	30,493.59	B					30,493.59		30,493.59
10. Jefferson High General Purpose	Jefferson Union High School District	pass-through payments under H&S Code section 33607.7	41,324.53	41,324.53	B					41,324.53		41,324.53
11. SM Jr. College General Purpose	San Mateo Junior College District	pass-through payments under H&S Code section 33607.7	11,428.52	11,428.52	B					11,428.52		11,428.52
12. Bayshore Sanitary District	Bayshore Sanitary District	pass-through payments under H&S Code section 33607.7	259.43	259.43	B					259.43		259.43
13. Bay Area Air Quality Management	Bay Area Air Quality Management	pass-through payments under H&S Code section 33607.7	352.16	352.16	B					352.16		352.16
14. County Harbour District	San Mateo County Harbour District	pass-through payments under H&S Code section 33607.7	594.07	594.07	B					594.07		594.07
15. County Education Tax	San Mateo County	pass-through payments under H&S Code section 33607.7	5,947.54	5,947.54	B					5,947.54		5,947.54
16. Due to Housing Fund	City of Brisbane (housing successor agency)	Deferred Housing Set-Aside	4,893,935.68		B							
17. Community College Lawsuit	Goldfarb and Upman	Attorney Fees	21,097.02	21,097.02	B	5,104.82						5,104.82
<b>Project Area #2</b>												
18. 2005 Lease Revenue Bond	Brisbane Financing Authority	Non-housing projects	1,513,471.00	237,304.73	B					195,249.68		195,249.68
19. 2005 Lease Revenue Bond	Bank of New York	Trustee Costs for processing bond issue	2,500.00	2,500.00	B					2,500.00		2,500.00
20. 1998 Tax Allocation Bond	Bank of New York	Housing projects	1,919,634.00	200,018.75	D					34,590.00		34,590.00
21. 1998 Tax Allocation Bond	Bank of New York	Trustee Costs for processing bond issue		2,120.00	D							
22. Maintenance of Housing Fund Property	Davey Tree	Removal of a hazardous tree at 103 Visitation	765.00	765.00	D	765.00						765.00
23. RDA 2 Revenue Shortfall	City of Brisbane	Housing Fund Payments	1,294,401.11		B							
24. General County Tax	San Mateo County	pass-through payments under H&S Code section 33607.7		0.00	B					0.00		
25. City of Brisbane	City of Brisbane	pass-through payments under H&S Code section 33607.8	8,724.02	8,724.02	B					8,724.02		8,724.02
26. Free Library	San Mateo County	pass-through payments under H&S Code section 33607.7		0.00	B					0.00		
27. Guadalupe Muni Impr District	City of Brisbane	pass-through payments under H&S Code section 33607.8		0.00						0.00		
28. Bayshore Elementary General Purpose	Bayshore Elementary School District	pass-through payments under H&S Code section 33607.7	11,613.97	11,613.97	B					11,613.97		11,613.97
29. Bayshore Elementary General Purpose	Bayshore Elementary School District	pass-through payments under H&S Code section 33607.7	432.65	432.65	B					432.65		432.65
30. Jefferson High General Purpose	Jefferson Union High School District	pass-through payments under H&S Code section 33607.7	10,134.27	10,134.27	B					10,134.27		10,134.27
31. SM Jr. College General Purpose	San Mateo Junior College District	pass-through payments under H&S Code section 33607.7	2,827.50	2,827.50	B					2,827.50		2,827.50
32. Bayshore Sanitary District	Bayshore Sanitary District	pass-through payments under H&S Code section 33607.7	1,854.54	1,854.54	B					1,854.54		1,854.54
33. Bay Area Air Quality Management	Bay Area Air Quality Management	pass-through payments under H&S Code section 33607.7	87.77	87.77	B					87.77		87.77
34. County Harbour District	San Mateo County Harbour District	pass-through payments under H&S Code section 33607.7	148.09	148.09	B					148.09		148.09
35. County Education Tax	San Mateo County	pass-through payments under H&S Code section 33607.7	1,482.45	1,482.45	B					1,482.45		1,482.45
36. Waives 100% County Portion	San Mateo County	pass-through payments under H&S Code section 33607.7	105,884.92	105,884.92	B					105,884.92		105,884.92
<b>Agency Wide</b>												
37. City of Brisbane	Payroll and Benefits for employees		41,717.00	41,717.00	B	41,717.00						41,717.00
38. Annual Administrative Costs	City of Brisbane	Administration of Successor Agency	250,000.00	250,000.00	C					50,000.00		50,000.00
<b>Totals - This Page</b>			\$ 41,660,579.74	\$ 4,071,351.26		\$ 47,586.82	\$ 50,000.00	\$ 84,590.00	\$ 251,570.68	\$ 1,524,475.56	\$ 50,000.00	\$ 2,088,223.06

Source of Payment  
 A) Redevelopment Property Tax Trust fund  
 B) Reserve Balance  
 C) Administrative cost allowance  
 D) Low and Moderate Income Housing Reserves

**STATEMENT OF INDEBTEDNESS - CONSOLIDATED**  
**FILED FOR THE 2000 - 2001 TAX YEAR**


Cover Page

Name of Redevelopment Agency Brisbane Redevelopment Agency  
 Name of Project Area Project Area 1

Balances Carried Forward From:	Line	Current	
		Total Outstanding Debt	Principal/Interest Due During Tax Year
Fiscal Period - Totals (Optional)	(1) (From Form A, Page 1 Totals)	68,715,462	4,693,991
Post Fiscal Period - Totals	(2) (From Form B, Page 1 Totals)		
<b>Grand Totals</b>	(3)	68,715,462	4,693,991
Available Revenues From Calculation of Available Revenues, Line 7	(4)	2,555,052	
<b>Net Requirement</b>	(5)	66,160,410	

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.

<u>Stuart Schillinger</u>	<u>Finance Director</u>
Name	Title
	<u>7/14/02</u>
Signature	Date

**STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS  
FILED FOR THE 2000 - 2001 TAX YEAR**

Name of Redevelopment Agency Brisbane Redevelopment Agency  
 Name of Project Area Project Area 1

For Indebtedness Entered into as of June 30, 2001.

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A) Tax Allocation Bond 1984	3/1/84	14,850,000	22 yrs	various	21,934,308	0	0
(B) Deferred Rent & Advances	7/1/84	Annual adv & int	37 yr	var.	16,413,265	0	0
(C) City of Brisbane Adm Adv	7/1/98	453,014	1 yr	0	n/a	0	0
(D) L&M Housing Fund	12/1/76	n/a	50 yrs	0	n/a	15,849,246	489,100
(E) Marina Advance	3/1/01	2,295,996	n/a	n/a	n/a	2,295,996	2,295,996
(F) PFA Series A 2001	3/1/01	15,000,000	25 yrs	12%	35,570,220	50,570,220	1,908,895
(G)							
(H)							
(I)							
(J)							
Sub Total, This Page						68,715,462	4,693,991
Totals Forward From All Other Pages							
<b>Totals, Fiscal Year Indebtedness</b>						<b>68,715,462</b>	<b>4,693,991</b>

**Purpose of Indebtedness:**

- (A) Property Acquisition
- (B) Deferred Lease
- (C) Reimbursement Agreement with City of Brisbane
- (D) Housing Set Aside Deferred & utilized for debt svc
- (E) Loan from Marina Fund (Leisure Services)
- (F) Combined refunding of Tax Allocation Bond & deferred Rent
- (G)
- (H)
- (I)
- (J)

# RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Agency Brisbane Redevelopment Agency  
 Name of Project Area Project Area 1

Tax Year 2000/2001 Reconciliation Dates: From July 1, 2000 To June 30, 2001.

SOI, page and line: Prior Yr		Debt Identification: Brief Description		A		B		C		D		E		F
				Outstanding Debt All Beginning Indebtedness		Adjustments Increases (Attach Explanation)		Decreases (Attach Explanation)		Amounts Paid Against Indebtedness, from: Tax Increment		Other Funds		
Pg 1 Line A	Pg 1 Line A	Tax Alloc. Bond 1984		10,795,850						1,910,129		8,885,721		0
Pg 1 Line B	Pg 1 Line B	Deferred Rent & Adv		19,549,502			2,349,502					17,200,000		0
Pg 1 Line C	Pg 1 Line C	City of Brisbane Adv		280,000		1,287,105						1,567,105		0
Pg 1 Line D	Pg 1 Line D	L&M Housing Fund		4,099,278		12,227,500				477,532				15,849,246
Pg 1 Line E	Pg 1 Line E	Marina Loan		0		2,295,996								2,295,996
Pg 1 Line F	Pg 1 Line F	PFA Series A 2001		0		52,207,931						2,637,711		50,570,220
Pg 1 Line	Pg 1 Line													
Pg 1 Line	Pg 1 Line													
TOTAL- THIS PAGE				34,724,630		69,018,532		2,349,502		2,387,661		30,290,537		68,715,462
TOTALS FORWARD														
GRAND TOTALS				34,724,630		69,018,532		2,349,502		2,387,661		30,290,537		68,715,462

**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.

Brisbane Redevelopment Agency  
Project Area # 1  
Explanation of Changes of Indebtedness

1. Line B Deferred Rent & Advances from MetLife

MetLife agreed to a negotiated settlement upon the refunding of the Deferred Rent & Tax Allocation Bond 1984. \$1,536,812 is forgiveness of debt. \$812,690 is a correction to the beginning balance to conform to the CAFR.

2. Line C City of Brisbane Administrative Advances

Reimbursement to the City of Brisbane for overhead and administrative costs. Includes refunding costs.

3. Line D Low & Mod Housing Fund

Outstanding debt was not for entire time of program. Estimated total was calculated at \$489,100 for 25 years and added to existing balance.

4. Line E Loan from Marina

Used for refunding 1984 Tax Allocation Bond and Deferred Rent & Advance from MetLife

5. Line F Public Financing Authority Revenue Bonds, Series A 2001

New issue for the purpose of refunding 1984 Tax Allocation Bond and Deferred Rent and Advance from MetLife.



## CALCULATION OF AVAILABLE REVENUES

AGENCY NAME Brisbane Redevelopment Agency

PROJECT AREA Project Area 1

TAX YEAR 2000/2001

RECONCILIATION DATES: JULY 1, 2000 TO JUNE 30, 2001

Beginning Balance, Available Revenues (See Instructions)	1. <u>22,695</u>
Tax Increment Received - Gross All Tax Increment Revenues, to include any Tax Increment passed through to other local taxing agencies.	2. <u>2,387,661</u>
All other Available Revenues Received (See Instructions)	3. <u>112,372</u>
Revenues from any other source, included in Column E of the Reconciliation Statement, but not included in (1-3) above	4. <u>30,290,537</u>
Sum of Lines 1 through 4	5. <u>32,813,265</u>
Total amounts paid against indebtedness in previous year. (D + E on Reconciliation Statement)	6. <u>30,258,213</u>
Available Revenues, End of Year (5 - 6)	7. <u><u>2,555,052</u></u>

**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 33676. Tax Increment Revenue set-aside in the Low and Moderate Income Housing Fund will be washed in the above calculation, and therefor omitted from Available Revenues at year end.

**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."

# Brisbane Community Redevelopment Agency

## Combined Balance Sheet

### All Governmental Fund Types and Account Groups

June 30, 2001

	Governmental Fund Types		Account Groups		Totals (Memorandum Only)
	Special Revenue	Debt Service	General Fixed Assets	General Long-Term Debt Account Group	
<b>ASSETS AND OTHER DEBITS</b>					
Assets:					
Cash and investments (Note 2)	\$ 2,627,822	\$ 96,581	\$ -	\$ -	\$ 2,724,403
Cash and investments with fiscal agent (Note 2)	-	2,251,724	-	-	2,251,724
Receivables:					
Interest	7,725	363	-	-	8,088
Loans (Note 4)	2,336,086	-	-	-	2,336,086
Due from other funds	2,515,744	-	-	-	2,515,744
Advances to other funds (Note 3)	4,099,278	2,295,996	-	-	6,395,274
Property, plant and equipment (Note 5)	-	-	2,646,153	-	2,646,153
Other debits:					
Amount available for debt service	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	28,840,000	28,840,000
<b>Total assets and other debits</b>	<b>\$ 11,586,655</b>	<b>\$ 4,644,664</b>	<b>\$ 2,646,153</b>	<b>\$ 28,840,000</b>	<b>\$ 47,717,472</b>
<b>LIABILITIES AND FUND BALANCES AND OTHER CREDITS</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 22,368	\$ -	\$ -	\$ -	\$ 22,368
Deferred revenue	2,336,086	-	-	-	2,336,086
Deposits	-	-	-	-	-
Due to other funds (Note 3)	-	2,515,744	-	-	2,515,744
Advances from other funds (Note 3)	7,688,382	2,295,996	-	-	9,984,378
Long-term debt (Note 6)	-	-	-	28,840,000	28,840,000
<b>Total liabilities</b>	<b>10,046,836</b>	<b>4,811,740</b>	<b>-</b>	<b>28,840,000</b>	<b>43,698,576</b>
Fund Balances and Other Credits:					
Investment in general fixed assets	-	-	2,646,153	-	2,646,153
Fund balances:					
Reserved	4,099,278	288,340	-	-	4,387,618
Unreserved, undesignated	(2,559,459)	(455,416)	-	-	(3,014,875)
<b>Total fund balances and other credits</b>	<b>1,539,819</b>	<b>(167,076)</b>	<b>2,646,153</b>	<b>-</b>	<b>4,018,896</b>
<b>Total liabilities, fund balances and other credits</b>	<b>\$ 11,586,655</b>	<b>\$ 4,644,664</b>	<b>\$ 2,646,153</b>	<b>\$ 28,840,000</b>	<b>\$ 47,717,472</b>

See accompanying notes to component unit financial statements.

**Brisbane Community Redevelopment Agency**  
**Notes To Component Unit Financial Statements, Continued**  
**For the year ended June 30, 2001**

**3. INTERFUND TRANSACTIONS, Continued**

*Advances To/From Other Funds*

As of June 30, 2001, advances to/from other funds were as follows:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
<b>Special Revenue Funds:</b>		
Project Area #1	\$ -	\$ 6,395,274
Project Area #2	-	1,293,108
Low & Moderate Income Housing	<u>4,099,278</u>	<u>-</u>
<b>Total special revenue funds</b>	<u>4,099,278</u>	<u>7,688,382</u>
<b>Debt Service Funds:</b>		
2001 Revenue Bonds, Series A	<u>2,295,996</u>	<u>2,295,996</u>
<b>Total debt service funds</b>	<u>2,295,996</u>	<u>2,295,996</u>
<b>Totals</b>	<u>\$ 6,395,274</u>	<u>\$ 9,984,378</u>

**4. LOANS RECEIVABLE**

In 1999, the Agency of the City and the Bridge Housing Corporation entered into a loan agreement. The Agency shall loan to the Bridge Housing Corporation, an amount not to exceed \$2,500,000. The obligation to repay the loan is evidenced by a note receivable. The terms of the note provide that Bridge Housing shall make repayments, to the extent of surplus cash. Such annual payments shall be due and payable in arrears no later than June 1 each year with respect to the previous calendar year, and shall be accompanied by the Developer's report of surplus cash. As of June 30, 2001 the loan receivable balance was \$2,336,086.

**5. PROPERTY, PLANT AND EQUIPMENT**

**General Fixed Assets Account Group**

Activity in the General Fixed Assets Account Group for the year ended June 30, 2001, was as follows:

	<u>Balance July 1, 2000</u>	<u>Inventory Adjustments</u>	<u>Balance June 30, 2001</u>
Land and land rights	<u>\$ -</u>	<u>\$ 2,646,153</u>	<u>\$ 2,646,153</u>