

ITEM 10.E.

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: Ron Ahlers, Finance Director *RA*

BY: Deborah Burdorf, Accountant 1 *DB*

DATE: May 24, 2011 (City Council Meeting of June 15, 2011)

SUBJECT: Consider Resolution Appropriating Funds to Cover Moorpark Highlands Community Facilities District (CFD) 2004-01 Fiscal Agent Expenditures Including the Bond Call, Consultant Fees, Administration Fees, and Developer Reimbursements

BACKGROUND

In 2006, the City of Moorpark issued Special Tax Bonds through its Community Facilities District No. 2004-01, Moorpark Highlands (2006 Bonds). The 2006 bonds were issued to construct and acquire certain public facilities of benefit to the District. The bonds were secured and paid through special taxation of the parcels within the District. Property taxes including the special taxation collected by the County of Ventura as pass-through taxes are forwarded to the City of Moorpark for the life of the bond, and the City in turn sends the money to the fiscal agent for payment of the annual debt service.

The 2006 bonds are callable. A callable bond issue means the issuer has the right to purchase the bond back from the bondholders before the maturity date under certain circumstances. Most often, full or partial prepayments of the special taxes on the parcels within the district are the catalyst to initiate a bond call. A bond call can also be generated from excess bond funds, reserve funds and improvement funds in the fiscal agent accounts. The 2006 bonds have had a total of five bond calls to date.

Bank of New York, the fiscal agent, created five different bank accounts to separate bond proceeds, reserves, improvements, capitalized interest and the cost of issuance dollars. These accounts receive and hold the pass-through tax proceeds and interest generated from investments. They also track the expenditures for debt service, consultants, developers, and bond calls.

Pardee Homes, the master developer, entered into two development agreements with the City of Moorpark to build housing in the Moorpark Highlands, a master planned

community with recreation facilities, hiking trails, a pool and a school. Pardee Homes was also responsible for the backbone infrastructure installation, including the streets, storm drains, sewer, water and power. Earlier this fiscal year, certain eligible expenses related to these improvements were reimbursed as authorized by Memorandum of Understanding from the Moorpark Highlands improvement account, now superseded by the latest updated development agreement for Planning Area No. 7.

In 2007, the auditors requested a new fund to track the improvement account money held by the fiscal agent for Moorpark Highlands, the Highland Improvement Fund (4010). At least once a year, the auditors require the City to make a book entry to show the effect of expenditures paid by the fiscal agent from Moorpark Highlands improvement account. This is accomplished by an entry that moves expenditures from the Highlands Improvement Fund (4010) to a liability bondholder account in the CFD 2004-01 Highland Fund (9015). This transfer of funds represents the total activity for the period. Showing this transfer on our books gives us a more accurate representation of the true spendable balance remaining in the Improvement Fund.

DISCUSSION

One of the original selling points of the Moorpark Highlands master planned community was the inclusion of a school within the development. The Moorpark Unified School District intended to acquire a school site within the Moorpark Highlands development, but that acquisition did not take place. The most recent development agreement with Pardee Homes recorded August 20, 2010 allowed the developer instead to build 133 units on the property where the school was to be built. Initially, improvement funds were set aside for the school. The result was excess funding in the improvement account for the school site, and the generation of a bond call. Since the bond call, the remaining parcels in the district pay a lower special tax per year as a result of the call. The bond call occurred on September 1, 2010 in the amount of \$8,395,000 with an additional \$251,850 in redemption premium.

Pardee Homes received a reimbursement for street improvements and traffic signals in the amount of \$1,493,223 from Bank of New York, per a request dated August 31, 2010. Another refund for development, police, fire, library, and school fees was paid to Pardee Homes in the amount of \$2,348,083 per another request of August 31, 2010. One last disbursement was paid to Pardee Homes in the amount of \$2,221,531 for grading, irrigation and surface improvements including the park on October 20, 2010. The combined total reimbursement by the fiscal agent to Pardee Homes during the fiscal year was \$6,062,837.

Various other payments to our consultant Willdan and our fiscal agent for administrative activities amounted in total to \$42,843, bringing the combined total expenditure for the bond call, consultant fees, administration fees and reimbursements to \$13,939,105.

We request City Council authorization to appropriate the necessary funds to allow and account for these transfers.

Honorable City Council
June 15, 2011
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STAFF RECOMMENDATION ROLL CALL VOTE

Adopt Resolution No. 2011-_____ appropriating the funds noted in Exhibit "A" to the attached resolution.

Attachment: Draft Resolution

RESOLUTION NO. 2011 - _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA AUTHORIZING THE APPROPRIATION OF FISCAL AGENT FUNDS FOR THE HIGHLAND IMPROVEMENT FUND INCLUDING THE BOND CALL, CONSULTANT FEES, ADMINISTRATION FEES AND DEVELOPER REIMBURSEMENTS

WHEREAS, a staff report has been presented to the City Council requesting the appropriation of funds for the Highland Improvement Fund; and

WHEREAS, on June 16, 2010, the City Council adopted the Operating and Capital Improvements Budget for fiscal year 2010/11; and

WHEREAS, a bond call for \$8,395,000 to reimburse district for the school site and \$6,062,837 to reimburse Pardee Homes for eligible expenses, and \$42,843 to reimburse Willdan and Bank of New York, less funds on hand of \$561,575, for a total net expenditure of \$13,939,105.

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

SECTION 1. That an appropriation of funds, as more particularly described in Exhibit "A", is hereby approved.

SECTION 2. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED AND ADOPTED this 15th day of June, 2011.

Janice S. Parvin, Mayor

ATTEST:

Maureen Benson, City Clerk

Attachment: Exhibit 'A': Budget Amendment for the Highland Improvement Fund

EXHIBIT A

**BUDGET AMENDMENT FOR THE HIGHLAND IMPROVEMENT FUND
 FOR FISCAL AGENT EXPENDITURES INCLUDING THE BOND CALL,
 CONSULTANT FEES, ADMINISTRATION FEES AND DEVELOPER
 REIMBURSEMENTS
 FY 2010/11**

FUND ALLOCATION FROM:

FUND	ACCOUNT	AMOUNT
Highland Improvement Fund	4010-5500	\$ 13,939,104
	TOTAL	\$ 13,939,104

DISTRIBUTION OF APPROPRIATION TO EXPENSE ACCOUNTS:

Budget Unit/Account Number	Current Budget	Revision	Adjusted Budget
4010-9760	\$ -	\$ 13,939,104	\$ 13,939,104
Sub-Total Parks	\$ -	\$ 13,939,104	\$ 13,939,104

Finance approval: 