

**CITY COUNCIL  
AGENDA REPORT**

**TO: Honorable Mayor and City Council Members**

**FROM: Hugh R. Riley, Assistant City Manager** 

**DATE: November 20, 2006 (CC Meeting of 12/6/06)**

**SUBJECT: Consider Resolution Approving a 501(C)(3) Structure Relative to the Issuance and Sale of 2006 Tax Allocation Bonds by the Moorpark Redevelopment Agency**

**BACKGROUND**

The City Council and Redevelopment Agency approved the issuance and sale of the Agency's 2006 Tax Allocation Bonds (the "2006 Bonds") on November 15, 2006. Councilmembers will recall that the net proceeds of the 2006 Bonds were anticipated to be expended on various public improvements, consistent with the current 2005-2009 five year Implementation Plan as approved by the Agency.

**DISCUSSION**

The Agency issued bonds in 2001, and was expecting to use the proceeds of those bonds to fund the construction of the Human Services Center. In meeting with Bond Counsel regarding the 2006 Bonds, it has come to staff's attention that the proceeds of the 2001 Bonds are not eligible for use on the Human Services Center because the expected lessees of the project (Catholic Charities, First 5, and other non-profit groups) are non-governmental and thus, under Internal Revenue Code provisions applicable to the 2001 Bonds, are not allowed to benefit from the tax-exemption of the 2001 Bonds. In order to comply with Internal Revenue Code rulings, it is now proposed that the net proceeds of the 2006 Bonds be expended primarily to finance acquisition and construction of the Human Services Center. Public improvements that were anticipated to be funded from the 2006 Bond proceeds are now proposed to be funded with redevelopment fund monies, including the remaining portion of the net proceeds from the Agency's 2001 Bonds.

The 2006 Bonds can be made eligible for use on the Human Services Center if they become "qualified 501(c)(3) bonds" under the tax code. As a part of the qualification process the City must hold a public hearing and approve the issuance of the 2006 Bonds as Qualified 501(C)(3) Tax Exempt Obligations.

Honorable City Council  
December 6, 2006  
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**STAFF RECOMMENDATION (ROLL CALL VOTE)**

1. Open public hearing, take testimony, and close the public hearing; and
2. Adopt Resolution No.2006-\_\_\_\_\_.

**ATTACHMENTS:**

Attachment 1 – Resolution No. 2006-\_\_\_\_\_

**ATTACHMENT 1**

RESOLUTION NO. 2006-\_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, APPROVING ISSUANCE BY THE REDEVELOPMENT AGENCY OF THE CITY OF MOORPARK OF QUALIFIED 501(C)(3) TAX EXEMPT OBLIGATIONS**

WHEREAS, the Redevelopment Agency of the City of Moorpark expects to issue tax-exempt obligations in the aggregate principal amount of approximately \$11,200,000 (the "Obligations"), the proceeds of which will be applied to finance the acquisition and construction of an approximately 15,000 square foot building for the proposed Ruben Castro Human Services Center (the "Project"). The owner of the property will be the City of Moorpark or the Redevelopment Agency of the City of Moorpark. The City of Moorpark or the Redevelopment Agency will operate the Project and will occupy space in the Project; and

WHEREAS, substantial portions of the property are expected to be used under leases to organizations qualified as exempt from income tax under Section 501(c)(3) of the Internal Revenue Code; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986 (the "Code") requires that the "applicable elected representative" of the governmental unit having jurisdiction over the area in which the Project is located to hold a public hearing on the issuance and delivery of the Obligations; and

WHEREAS, the City Council of the City of Moorpark (the "Council"), as the "applicable elected representative" to hold said public hearing, has held said public hearing at which all those interested in speaking with respect to the financing of the Project were heard; and

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

SECTION 1. The Council hereby finds and determines that the foregoing recitals are true and correct.

SECTION 2. The Council hereby approves the issuance of the Obligations with respect to the proposed Project.

SECTION 3. The issuance and delivery of the Obligations shall be subject to the approval of and execution by the Agency of all financing documents relating thereto to which the Agency is a party and subject to the sale of the Obligations by the Agency.

SECTION 4. This Council hereby determines that it is appropriate for the Agency to cause the issuance of the Obligations to finance the acquisition, construction and development of the Project and hereby approves the issuance of the Obligations.

SECTION 5. The City Clerk shall certify to the adoption of this resolution and cause a certified resolution to be filed in the book of original resolutions.

PASSED AND ADOPTED this 6<sup>th</sup> day of December, 2006.

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Patrick Hunter, Mayor

ATTEST:

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Deborah S. Traffenstedt, City Clerk