

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO: Honorable City Council**

**FROM: David C. Moe II, Redevelopment Manager** *Dave*

**DATE: June 18, 2010 (City Council Meeting of July 7, 2010)**

**SUBJECT: Consider Resolution Adopting Loan Agreement between the City of Moorpark and the Moorpark Redevelopment Agency**

**BACKGROUND**

The California Health and Safety Code on Community Redevelopment Law Section 33601 allows redevelopment agencies to borrow funds from the state or federal government or any other public agency for any redevelopment project within its area of operation for any purposes allowed by this section and may comply with any conditions of such loan.

On September 2, 2009, the Agency approved a Disposition and Development Agreement with the Area Housing Authority of the County of Ventura ("AHA") to construct 20 units with a podium style building. The project would be 100% affordable and have a mixture of one, two and three bedroom units, ranging in size from 870 -1100 square feet ("Project").

The AHA submitted an application for tax credit financing to the Tax Credit Allocation Committee in conjunction with the City of Moorpark ("City") for the sole 2009 funding cycle. Unfortunately, the application was not funded due to a low tie breaker score.

On March 17, 2010, the City approved a \$600,000.00 loan to the Agency. The Agency would then in turn loan the funds to the AHA in an effort to boost the tie breaker score of the tax credit application. The City's commitment was contingent upon the ability of the AHA to secure the needed tax credits for the Project and no funds were allocated.

**DISCUSSION**

A second application for tax credit financing was submitted to the Tax Credit Allocation Committee. On June 9, 2010, the Tax Credit Allocation Committee notified staff that \$8,648,129.00 of tax credits have been reserved for the Project. Funds will now need to be allocated to finance the loan between the City of Moorpark and the Agency. The funds will be allocated from the City Housing Fund and deposited into the Moorpark Redevelopment Agency Housing Fund. The Agency will use these funds as a loan to the AHA to assist with the construction of the Project. This loan is in addition to the annual loan from the City to the Agency for operations and capital projects. As you are aware, this annual loan is repaid by June 30<sup>th</sup> of each Fiscal Year from Agency funds.

Staff is recommending a loan from the City to the Agency in the amount of \$600,000.00.

**FISCAL IMPACT**

A \$600,000.00 loan from the City Housing Fund will be made and deposited into the MRA Housing Fund. The loan would be repaid without interest to the City at the first opportunity and prior to any other City loan with the Agency.

**STAFF RECOMMENDATION (Roll Call Vote)**

Adopt Resolution No. 2010-\_\_\_\_, approving a Loan Agreement with the Redevelopment Agency of the City of Moorpark.

Attachment: Resolution No. 2010-\_\_\_\_\_

ATTACHMENT "A"

RESOLUTION 2010-\_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, ADOPTING A LOAN AGREEMENT BETWEEN THE CITY OF MOORPARK AND THE MOORPARK REDEVELOPMENT AGENCY

WHEREAS, the City of Moorpark has agreed to advance funds from the City Housing Fund (2430) to the Moorpark Redevelopment Agency in accordance with the terms of a Loan Agreement; and

WHEREAS, the Moorpark Redevelopment Agency has agreed to accept the terms and conditions of the Loan Agreement.

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

SECTION 1. The Loan Agreement between the City of Moorpark and the Moorpark Redevelopment Agency, and attached as Exhibit "A" to this resolution, is hereby adopted.

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 7<sup>th</sup> day of July, 2010.

\_\_\_\_\_  
Janice S. Parvin, Mayor

ATTEST:

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Maureen Benson, Assistant City Clerk

Attachment: Exhibit "A"

## EXHIBIT "A"

### LOAN AGREEMENT

THIS LOAN AGREEMENT is entered into this \_\_\_\_\_ July, 2010, by and between the City of Moorpark ("City") and the Moorpark Redevelopment Agency ("Agency").

#### RECITALS

WHEREAS, the Agency was created by Ordinance No. 87, adopted by the City Council on March 18, 1987, for the purpose of eliminating blighted conditions within specified project areas; and

WHEREAS, in support of its mission, the Agency is developing and implementing plans to acquire and construct certain public facilities; and

WHEREAS, the Agency has determined that, in order to undertake this redevelopment project, temporary financial assistance in the form of a loan is required from the City of Moorpark; and

WHEREAS, Section 33600 et. seq. of the California Community Redevelopment Law authorizes the Agency to borrow money or accept financial or other assistance from the City.

#### COVENANTS

NOW, THEREFORE, THE CITY AND AGENCY AGREE AS FOLLOWS:

SECTION 1. Amount and Use of Loan. The City, from its Special Projects Fund, will advance to the Agency the amount of \$600,000.00 (six hundred thousand dollars). Agency agrees to use such loan proceeds only for those purposes set forth in the Health and Safety Code and approved by the Agency.

SECTION 2. Repayment of Funds. The Agency will repay this loan, both principal and interest, in full on or before June 30, 2011, unless extended by amendment to this Agreement.

SECTION 3. Interest Payment. This loan will not bear interest.

SECTION 4. Obligation Constitutes Indebtedness. This loan agreement shall constitute an obligation and debt of the Agency to use all available increment revenue to repay the City. Such indebtedness shall be subordinate to any and all other Agency indebtedness incurred by the Agency, including indebtedness incurred through the issuance of tax allocation notes or bonds or any other bonds of the Agency.

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

MOORPARK REDEVELOPMENT AGENCY CITY OF MOORPARK

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Janice S. Parvin, Chair

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Steven Kueny, City Manager

ATTEST:

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Deborah S. Traffenstedt,  
Agency Secretary

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Deborah S. Traffenstedt,  
City Clerk