

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: Ron Ahlers, Finance Director 

DATE: January 5, 2012 (City Council Meeting of January 18, 2012)

SUBJECT: Consider Resolution Rescinding Resolution No. 2011-3039 Adopting a Loan Agreement between the City of Moorpark and the Redevelopment Agency of the City of Moorpark

BACKGROUND

On June 15, 2011, the City Council passed Resolution No. 2011-3039, authorizing a loan in the amount of \$5 million to the Redevelopment Agency of the City of Moorpark. That same evening the Redevelopment Agency of the City of Moorpark passed Resolution No. 2011-248 authorizing the same loan. The loan documents were duly executed. However, the loan was never implemented because of the passage of ABx1 26.

On June 29, 2011, the Governor signed ABx1 26 into law, which abolished all redevelopment agencies within the State of California. On December 29, 2011, the California Supreme Court upheld this law as constitutional. Therefore, effective February 1, 2012, the Redevelopment Agency of the City of Moorpark will cease to exist.

DISCUSSION

The \$5 million loan was never implemented for FY 2011/2012. Zero interest has accrued since the loan was not effectuated.

Staff is recommending rescinding the loan from the City to the Agency in the amount of \$5.0 million for FY 2011/12.

STAFF RECOMMENDATION (Roll Call Vote)

Adopt Resolution No. 2012-____, rescinding Resolution No. 2011-3039 Adopting a Loan Agreement with the Redevelopment Agency of the City of Moorpark.

Attachment: Resolution No. 2012-____

RESOLUTION NO. 2012-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, RESCINDING RESOLUTION NO. 2011-3039 ADOPTING A LOAN AGREEMENT BETWEEN THE CITY OF MOORPARK AND THE REDEVELOPMENT AGENCY OF THE CITY OF MOORPARK FOR FY 2011/12

WHEREAS, Resolution No. 2011-3039 authorized the City of Moorpark to enter into a loan agreement for \$5 million with the Redevelopment Agency of the City of Moorpark; and

WHEREAS, ABx1 26 as signed by the Governor of the State of California and upheld by the California Supreme Court, abolishes the Redevelopment Agency of the City of Moorpark; and

WHEREAS, the City of Moorpark and the Redevelopment Agency of the City of Moorpark never implemented this loan and both desire to rescind this loan agreement.

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

SECTION 1. Resolution No. 2011-3039 adopting a Loan Agreement between the City of Moorpark and the Redevelopment Agency of the City of Moorpark dated July 1, 2011, and attached as Exhibit "A" to this resolution, is hereby rescinded.

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 18th day of January, 2012.

Janice S. Parvin, Mayor

ATTEST:

Maureen Benson, City Clerk

Attachment: Exhibit "A"

LOAN AGREEMENT

THIS LOAN AGREEMENT is entered into this 1st day of July, 2011, by and between the City of Moorpark ("City") and the Redevelopment Agency of the City of Moorpark ("Agency").

RECITALS

WHEREAS, the Agency was created by Ordinance 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 \$5,000,000 (five million 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, 2012, unless extended by amendment to this Agreement.

SECTION 3. Interest Payment. This loan will bear interest at a rate equivalent to the rate earned by City investments in the Local Agency Investment Fund or the Ventura County Poll, whichever is greater, plus one percent.

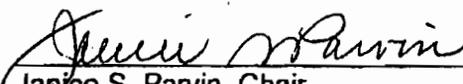
SECTION 4. Obligation Constitutes Indebtedness. This loan agreement shall constitute an obligation and debt of the Agency to use all available increment revenue to repay the City. Such indebtedness shall be subordinate to any and all other Agency

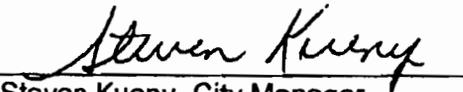
indebtedness incurred by the Agency, including indebtedness incurred through the issuance of tax allocation notes or bonds or any other bonds of the Agency.

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

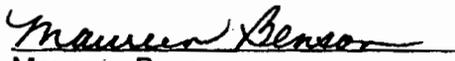
REDEVELOPMENT AGENCY
OF THE CITY OF MOORPARK

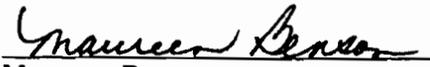
CITY OF MOORPARK


Janice S. Parvin, Chair


Steven Kueny, City Manager

ATTEST:


Maureen Benson,
Agency Secretary


Maureen Benson,
City Clerk

