ITEM 10. J.

MOORPARK CITY COUNCIL
AGENDA REPORT

TO: **Honorable City Council**

FROM: **Johnny Ea, Finance Director** JE

DATE: **June 7, 2007 (City Council Meeting of June 20, 2007)**

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

BACKGROUND

Community Development Law allows Redevelopment Agencies to borrow funds from the City in support of the Agency's mission and goals. Several times since the creation of the Moorpark Redevelopment Agency, the City has loaned funds to the Agency for specific purposes. All loans have been repaid, or will be repaid by June 30, 2007.

DISCUSSION

In the coming year, the Agency has budgeted approximately $12.2 million in expenditures, including $4.4 million for capital improvements. While the Agency's annual revenues and existing fund balances are sufficient to finance these expenditures, it is our practice for all expenditures to be paid by the City, then these "advances" are repaid by the Agency. This is a common practice intended to comply with state laws that require Redevelopment Agencies to incur debt and to assist with Agency cash flow.

Staff is recommending a loan from the City to the Agency in the amount of $5,000,000 as an advance for anticipated operating and capital expenditures for the coming year. The Agency would be charged a rate equal to the rate earned on investments (the "LAIF" rate) plus 1%; currently this would be approximately 6.3%. The loan would be provided by the City General Fund, which currently has sufficient cash available, and would be due no later than June 30, 2008.

STAFF RECOMMENDATION (Roll Call Vote)

Adopt Resolution No. 2007-____, approving a Loan Agreement with the Moorpark Redevelopment Agency.

Attachment: Resolution No. 2007-____
Loan Agreement

RESOLUTION 2007-_____

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 to the Moorpark Redevelopment Agency in accordance with the terms of a Loan Agreement dated July 1, 2007; and

WHEREAS, the Moorpark Redevelopment Agency has agreed to accept the terms and conditions of the Loan Agreement dated July 1, 2007.

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 dated July 1, 2007, 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 20th day of June, 2007.

_____
Patrick Hunter, Mayor

ATTEST:

_____
Deborah S. Traffenstedt, City Clerk

Attachment: Exhibit "A"

EXHIBIT "A"

LOAN AGREEMENT

THIS LOAN AGREEMENT is entered into this 1st day of July, 2007, by and between the City of Moorpark ("City") and the Moorpark Redevelopment Agency ("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 General 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, 2008, 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, 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.

MOORPARK REDEVELOPMENT AGENCY

Patrick Hunter, Chair

CITY OF MOORPARK

Steven Kueny, City Manager

ATTEST:

Deborah S. Traffenstedt,
Agency Secretary

Deborah S. Traffenstedt,
City Clerk