

REPORT TO CITY COUNCIL

DATE: FEBRUARY 9, 2011

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

BY: CHRISTY PINUELAS, FINANCE DIRECTOR

SUBJECT: CONSIDER THE ADOPTION OF A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA APPROVING THE ACCEPTANCE OF A PROMISSORY NOTE IN THE MAXIMUM PRINCIPAL AND INTEREST AMOUNT OF \$44,000,000

Resolution No. 2 of the Agoura Hills Redevelopment Agency (Agency), adopted on April 13, 1988, established that the City of Agoura Hills (City) would loan monies to the Agency to pay for the “administrative expenses” of the Agency (the “Administrative Expense Loans.” Resolution No. 93-24, adopted by the Agency on September 22, 1993, approved payment by the Agency for all or part of the value of the land for and the cost of the installation and construction of the improvements described in an Advance and Reimbursement Agreement by and between the Agency and the City, dated as of September 22, 1993, as further amended by the Subordination Agreement, dated as of April 23, 2008, (the “Advance and Reimbursement Agreement” and together with the Administrative Expense Loans, the “City Loans”).

Beginning in Fiscal Year 1988-89 and ending in Fiscal Year 2006-07 (see Attachment “A”) the City has loaned \$16,414,328 to the Agency (the “City Loans”). The City Loans made to date have borne and accrued interest at a variable annual rate equal to the annual LAIF Rate the amount of \$14,197,337. The total amount owed by the Agency to the City currently stands at \$30,611,655 and Resolution No. 2 authorizes advances to pay administrative expenses from time to time, which may result in additional amounts to be owed by the Agency to the City for such additional advances.

The Agency and the City would like to consolidate the City Loans, and any additional advances for administrative expenses pursuant to Resolution No. 2, into one master loan (the “Master Loan”), at the average LAIF rate for the past five years, being 2.94%, per annum and commencing on February 15, 2011, with payments of \$1,176,242.39 to be made annually on the 15th day of each February until February 15, 2042. The Agency adopted its Resolution No. 11-55 on January 26, 2011 to authorize the Agency to execute a promissory note in the maximum principal and interest amount of \$44,000,000 thereby evidencing the terms of the Mater Loan. The attached Resolution No. 11-1613 approves acceptance by the City Council of the promissory note executed by the Agency.

RECOMMENDATION

Staff recommends adoption of the attached resolution approving the acceptance by the City Council of a promissory note in the maximum principal and interest amount of \$44,000,000.

RESOLUTION NO. 11-1613

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA APPROVING THE ACCEPTANCE OF A PROMISSORY NOTE IN THE MAXIMUM PRINCIPAL AND INTEREST AMOUNT OF \$44,000,000

WHEREAS, pursuant to Resolution No. 2 adopted by Agoura Hills Redevelopment Agency (the "Agency") on April 13, 1988, the Agency agreed to repay the City of Agoura Hills (the "City") for the loan of monies from time to time from the City to the Agency to fund administrative expenses of the Agency (the "Administrative Expense Loans"); and

WHEREAS, pursuant to its Resolution No. 93-24, the Agency approved payment by the Agency for all or part of the value of the land for and the cost of the installation and construction of the improvements described in an Advance and Reimbursement Agreement by and between the Agency and the City, dated as of September 22, 1993, as further amended by the Subordination Agreement, dated as of April 23, 2008 (the "Advance and Reimbursement Agreement," and together with the Administrative Expense Loans, the "City Loans"); and

WHEREAS, as of January 26, 2011, the outstanding amount of the City Loans was \$30,611,655, and the Agency and the City desire to memorialize the terms upon which the currently outstanding principal and accrued interest on the existing City Loans are required to be repaid by the Agency; and

WHEREAS, on January 26, 2011, the Agency authorized the execution of a promissory note (the "Promissory Note") in the maximum principal and interest amount of \$44,000,000;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AGOURA HILLS HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The Agency's execution and delivery the Promissory Note, substantially in the form attached to this Resolution as Exhibit A, are hereby approved.

Section 2. The Mayor (or in his absence, the Mayor Pro Tem) is hereby authorized and directed to accept the Promissory Note for and in the name of the City, and execute such instrument as necessary or proper to evidence such acceptance.

Section 3. The officers of the City are hereby authorized and directed, jointly and severally, to take such actions and execute and deliver any and all instruments which they may deem necessary or proper to effectuate the purpose of this Resolution, and any such actions previously taken by such officers are hereby ratified, confirmed and approved.

Section 4. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Agoura Hills at a meeting held on February 11, 2011, by the following vote:

AYES: ()
NOES: ()
ABSENT: ()
ABSTAIN: ()

Harry Schwarz, Mayor

ATTEST:

Kimberly M. Rodrigues, City Clerk

“EXHIBIT A”

UNSECURED PROMISSORY NOTE

\$44,000,000

Agoura Hills, California
January 26, 2011

FOR VALUE RECEIVED, the Agoura Hills Redevelopment Agency (“Borrower”) hereby promises to pay to the City of Agoura Hills (“Lender”), or order, the maximum principal and interest amount of FORTY-FOUR MILLION AND NO/100 DOLLARS (\$44,000.000), as provided below.

1. The following terms are defined for the purposes of this Promissory Note:
 - a. The term “Law” means the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto.
 - b. The term “Pledged Tax Revenues” means Tax Revenues excluding an amount, if any, equal to the sum of all transfers of and payments from Tax Revenues required by any Senior Debt Instrument.
 - c. The term “Senior Debt” means the Agency’s Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 A-T (Taxable) in the aggregate original principal amount \$5,750,000 (the “2008 Bonds”) and any bond, note, loan, advance or other indebtedness which has, or purports to have, a lien upon the Tax Revenues prior or superior to the lien of this Promissory Note.
 - d. The term “Senior Debt Instrument” means the Indenture, by and between the Agency and The Bank of New York Trust Company, N.A., dated as of June 1, 2008, authorizing the issuance of the 2008 Bonds and any indenture, trust agreement, loan agreement, resolution or other instrument authorizing any Senior Debt.
 - e. The term “Tax Revenues” means the tax revenues (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Law in connection with the Agoura Hills Redevelopment Project Area; provided, however, that “Tax Revenues” shall exclude (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code; (b) amounts paid to the County as an administrative fee pursuant to Senate Bill 2557 (Chapter 466 of the Statutes of 1990); (c) amounts allocable to the various taxing entities under the Tax Sharing Agreements, except to the extent that any portion of such amounts is subordinated pursuant to the Tax Sharing Agreements; (d) amounts, if any, payable to affected taxing agencies pursuant to Section 33607.5, 33607.7 or

other provisions of the Law, except to the extent that such payments are subordinated pursuant to the Law; and (e) the Housing Set-Aside.

- f. The term "Tax Sharing Agreements" means, collectively (a) the Agreement for Allocation of Tax Increment Funds (Agoura Hills Redevelopment Project), dated as of June 11, 1992, by and among the Agency, the Consolidated Fire Protection District of Los Angeles County, the Los Angeles County Public Library, the Los Angeles County Office of Education, the Los Angeles County Flood Control District and the County of Los Angeles, (b) the Fiscal Detriment Alleviation Agreement Between the Los Angeles County West Mosquito Abatement District and the Agency by and between the Agency and the Los Angeles County West Mosquito Abatement District, (c) the Agoura Hills Redevelopment Project (Fiscal Mitigation and Public Improvement Agreement), dated as of September 9, 1992, by and between the Agency and the Los Angeles Community College District and (d) the Cooperative Agreement, dated July 1, 1993, by and between the Agoura Hills Redevelopment Agency and the Las Virgenes Unified School District.

2. Pledged Tax Revenues are hereby allocated and irrevocably pledged to the payment of the principal of and interest on this Promissory Note and until this Promissory Note and all interest hereon have been paid in full. This Promissory Note shall be subordinate to the Senior Debt.

3. This Promissory Note shall mature on February 15, 2042, and shall bear interest at the rate of 2.94% per annum, with principal and interest payable to the City commencing on February 15, 2011 and on each February 15 thereafter until the principal sum thereof has been paid.

4. Commencing on February 15, 2011, payments of \$1,176,242.39 shall be made annually on the 15th day of each February. Payments shall be applied first to accrued interest and then to principal.

3. All outstanding principal and accrued interest shall become due and payable on February 15th, 2042.

4. Outstanding principal may be prepaid in whole or in part at any time.

5. All sums payable under this Promissory Note are payable to Lender at Agoura Hills City Hall, or at such other place as the City Manager of Lender may inform the Borrower in writing, in lawful money of the United States.

6. The Borrower waives presentment for payment, demand, protest, and notices of dishonor and of protest; the benefits of all waivable exemptions; and all defenses and pleas on the ground of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice.

7. The Borrower hereby agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the holder hereof, in the enforcement of this Note.

8. The failure of Lender to exercise any right or remedy (and any delay in the exercise of such right or remedy), shall not constitute a waiver of such right or remedy.

9. This Note shall be governed by the laws of the State of California.

10. If the interest rate stated above is greater than the maximum rate permitted by law, it shall be deemed to be reduced to the maximum rate permitted by law.

BORROWER:

Chair Dan Kuperberg
Agoura Hills Redevelopment Agency

Accepted By:

LENDER

Mayor Harry Schwarz
City of Agoura Hills

Attest:

Kimberly M. Rodrigues, MMC
City Clerk/Agency Secretary

Approved as to Form:

Craig A. Steele
City Attorney

ADDENDUM TO PROMISSORY NOTE

Date	Amount of Additional Advance	Outstanding Principal Amount
January 26, 2011		\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____