

RESOLUTION NO. 2016-111

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
AUTHORIZING A MODIFICATION TO FOUR INTER-FUND LOAN AGREEMENTS**

WHEREAS, on December 14, 2011, the City Council authorized a Developer settlement agreement to accept Laguna Ridge Specific Plan Supplemental Park Fee (LRSPF) Land Acquisition Fee credits for land acquisition to settle the Developer's delinquent special tax obligations; and

WHEREAS, staff subsequently prepared a recommendation to go before Council on January 11, 2012, that would execute two separate interfund loans to provide funds to the Laguna Ridge Specific Plan Supplemental Park Fee (LRSPF) Land Acquisition Fee (Fund 331) in order to convert \$3.6 Million of credits to cash to satisfy the Developer settlement agreement approved by Council on December 14, 2011; and

WHEREAS, the loan terms for the two separate interfund loans would each be a 5-year term ending before December 31, 2016; and

WHEREAS, on January 11, 2012, the City Council approved an inter-fund loan agreement authorizing the East Franklin Landscape Corridor Fee Program (Fund 324) to loan \$2,450,000 to the Laguna Ridge Specific Plan Supplemental Park Fee (LRSPF) Land Acquisition Fee (Fund 331); and

WHEREAS, on January 11, 2012, the City Council additionally approved an inter-fund loan agreement authorizing the Laguna Ridge Specific Plan Supplemental Park Fee (LRSPF) Facilities Fee (Fund 332) to loan \$2,100,000 to the Laguna Ridge Specific Plan Supplemental Park Fee (LRSPF) Land Acquisition Fund; and

WHEREAS, the loan for \$2,100,000 from the LRSPF Facilities Fee (Fund 332) and the loan for \$2,450,000 from the East Franklin Landscape Corridor Fee Program (Fund 324) (together the "LRSPF Loans" were both due to be repaid in full by December 31, 2016; and

WHEREAS, it has become clear to staff that the LRSPF Land Acquisition fee (Fund 331) is not generating enough revenue to repay in full the LRSPF Loans by their originally scheduled deadline of December 31, 2016; and

WHEREAS, in accordance with the City's Interfund Loan Policy, loans shall be repaid over a specific period, not to exceed ten years; and

WHEREAS, due to the inability of the LRSPF Land Acquisition fee (Fund 331) to make timely repayments of the LRSPF Land Loans, staff requests Council's approval for a 5-year extension to the amortization schedule, recognizing that the extension is in compliance with the City's existing Interfund Loan Policy requirement that an interfund loan be amortized over a period of time no longer than ten years; and

WHEREAS, on October 24, 2012, and August 27, 2014, the City Council approved a \$1,000,000, million dollar loan and a \$6,000,000 loan, respectively, both from the Drainage Fund (Fund 503) for the purchase of property related to the Old Town Plaza and the Multi Sport Park Complex, respectively (Drainage Loans); and

WHEREAS, the General Fund is expected to end the Fiscal Year 2015-16 with a surplus of Revenues less Expenditures (Budget Savings); and

WHEREAS, the Resolution Approving the Fiscal Year 2016-17 budget authorized the City Manager to program General Fund Budget Savings, with one priority being the advanced repayment of the Drainage Loans.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk Grove hereby authorizes the Finance Director to make the following modifications to the internal fund loans as follows:

1. Terms of the LRSPF Inter-Fund Loan Agreements: which identifies an original amount of \$2,100,000 loaned from the Laguna Ridge Specific Plan Supplemental Park Fee (LRSPF) Facilities Fee (Fund 332) and an original amount of \$2,450,000 loaned from the East Franklin Landscape Corridor Fee (Fund 324), both to be repaid from the LRSPF Land Acquisition Fees (Fund 331) by December 31, 2021. The interest rate is tied to Local Agency Investment Fund (LAIF).

2. Terms of the Drainage Loans: The loans will be re-amortized such that any principal reduction due to the advanced repayment using General Fund Budget Savings will reduce annual payments equally. Final repayment for each loan will remain as adopted by the City Council at loan origination. The interest rate will remain tied to the LAIF.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 8th day of June, 2016.



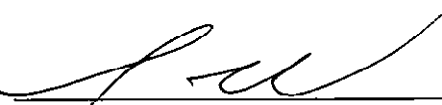
GARY DAVIS, MAYOR of the
CITY OF ELK GROVE

ATTEST:



JASON LINDGREN, CITY CLERK

APPROVED AS TO FORM:



JONATHAN P. HOBBS
CITY ATTORNEY

CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2016-111

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss:
CITY OF ELK GROVE)

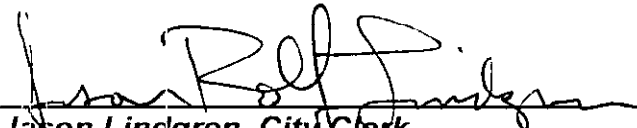
I, Jason Lindgren, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on June 8, 2016 by the following vote:

AYES : **COUNCILMEMBERS:** *Davis, Ly, Detrick, Hume, Suen*

NOES: **COUNCILMEMBERS:** *None*

ABSTAIN : **COUNCILMEMBERS:** *None*

ABSENT: **COUNCILMEMBERS:** *None*



Jason Lindgren, City Clerk
City of Elk Grove, California