

INTERFUND LOAN AND REPAYMENT AGREEMENT

(City of Corona General Fund 110 to LMD 84-2 Zone 19 Fund 468)

by the

CITY OF CORONA

with reference to its

GENERAL FUND

and

LMD 84-2 Zone 19

INTERFUND LOAN AND REPAYMENT AGREEMENT

1. PARTIES AND DATE.

This Interfund Loan and Repayment Agreement ("**Agreement**") is made as of December 7, 2022, by the City of Corona, a general law city and California municipal corporation organized under the constitution and laws of the State of California ("**City**"), with reference to its General Fund 110 ("**General Fund**") and its LMD 84-2 Zone 19 Fund 468 ("**LMD 84-2 Fund**").

2. RECITALS.

2.1 LMD 84-2 Fund. The City's LMD 84-2 Fund consists of funds collected by the City from the City's Landscape Maintenance District No. 84-2, Zone 19, which is an assessment district formed to pay for the installation, construction, and maintenance of public landscaping and appurtenant facilities in South Corona. The LMD 84-2 Fund is currently operating at a deficit. The LMD 84-2 Fund ended Fiscal Year 2022 with a negative fund balance and is projected to have a negative fund balance at the end of Fiscal Year 2023.

2.2 Assessment Increase Proceedings. On September 28, 2022, the City Council directed City staff to commence proceedings to authorize an increase in the assessments levied within Landscape Maintenance District No. 84-2, Zone 19 to provide sufficient funding for the continued maintenance of landscaping and appurtenant facilities in South Corona. The assessment increase proceedings may take six (6) months or longer to complete.

2.3 Interfund Loan. In order to provide sufficient funding for the continued maintenance of landscaping and appurtenant facilities within Landscape Maintenance District No. 84-2, Zone 19 at current service levels through FY 23, the City desires to authorize a loan from the General Fund (Fund 110) in an amount not to exceed \$166,548 to the LMD 84-2 Fund with repayments from the LMD 84-2 Fund to be made to the General Fund pursuant to the terms of this Agreement.

3. TERMS.

3.1 Defined Terms. In addition to the usage of certain words, terms or phrases that are defined elsewhere in this Agreement, the following words, terms and phrases are used in this Agreement, as follows, unless the particular context of usage of a word, term or phrase requires another interpretation:

3.1.1 "Due Date" means the first day of July in each fiscal year, commencing in 2024, and ending 2032.

3.1.2 "Available Revenues" means all levies and interest revenue allocated to the LMD 84-2 Fund, less all of the following: (i) payment of debt service or other amounts relating to any outstanding bonds, notes, installment payment agreements, or other forms of indebtedness to which the LMD 84-2 Fund is pledged, whether existing as of the Effective Date or issued after the Effective Date; (ii) satisfaction of all obligations of the LMD 84-2 Fund under existing agreements (exclusive of this Agreement); and (iii) any other obligations of the LMD 84-2

Fund, incurred, established or agreed to prior to the Effective Date or to which this Agreement is subordinated by the terms of this Agreement or by separate written agreement or consent by the City.

3.1.3 "Effective Date" means the date on which this Agreement is approved by the City Council of the City.

3.1.4 "Interest Rate" means annualized Local Agency Investment Fund (LAIF) quarterly apportionment rates for the fiscal year but in no case greater than three percent (3.0%) per annum.

3.1.5 "FY 22 Loan Amount" means a total maximum amount of Sixty-Six Thousand Five Hundred Forty Eight Dollars (\$66,548).

3.1.6 "FY 23 Loan Amount" means a total maximum amount of One Hundred Thousand Dollars (\$100,000).

3.1.7 "Loan Amount" means the combined total of the FY 22 Loan Amount and the FY 23 Loan Amount.

3.1.8 "Maturity Date" means the tenth (10th) anniversary of the Effective Date.

3.1.9 "Person" means any association, corporation, governmental entity or agency, individual, joint venture, joint-stock company, limited liability company, partnership, trust, unincorporated organization, or other entity of any kind.

3.2 Interfund Loan Authorization. The General Fund agrees to provide the Loan Amount to the LMD 84-2 Fund for the sole purpose of installing, constructing, operating, and maintaining landscaping and appurtenant facilities authorized by the Landscaping and Lighting Act of 1972, Part 2 (commencing with Section 22500) of Division 15 of the Streets and Highways Code. On or after the Effective Date, the FY22 Loan Amount will be transferred from the General Fund to the LMD 84-2 Fund. On or before July 1, 2023, an amount equal to the negative fund balance in the LMD 84-2 Fund at the end of Fiscal Year 2023, but not to exceed the FY 23 Loan Amount, will be transferred from the General Fund to the LMD 84-2 Fund. The Loan Amount shall commence to accrue simple interest at the Interest Rate per annum, from the date of transfer until paid.

3.3 Interfund Loan Repayment. The LMD 84-2 Fund shall repay the General Fund from Available Revenues the Loan Amount, together with all accrued and unpaid interest thereon, on or before each Due Date in annual installments ("**Annual Payment**") in accordance with the repayment schedule attached hereto as **Exhibit "A"** and incorporated herein by this reference. The Annual Payment shall be made by the LMD 84-2 Fund solely from Available Revenues on a basis subordinate to all other bonds, notes, installment payments, and other evidences of indebtedness of the LMD 84-2 Fund whether now existing or entered into after the Effective Date. If Available Revenues are not sufficient to pay the Annual Payment, any unpaid balance (whether principal or interest) shall be carried forward to the succeeding Due Date, without default.

3.4 No Separate Instrument. The obligation of the LMD 84-2 Fund to repay the Loan Amount and all accrued and unpaid interest thereon shall be evidenced solely by this Agreement and shall not require any separate instrument to perfect the lien on Available Revenues of the LMD 84-2 Fund.

3.5 Application of Payments. Each Annual Payment shall be credited in the following order: (i) interest payable under this Agreement, and (ii) outstanding principal of the Loan Amount.

3.6 Interest. Any Annual Payment that is not paid on or before the next Due Date shall bear interest at the Interest Rate until paid.

3.7 Usury. This Agreement is expressly limited, so that in no event or contingency, whether because of the advancement of the proceeds or otherwise, shall the amount paid or agreed to be paid to the General Fund for the use, forbearance, or retention of the money to be advanced hereunder exceed the highest lawful rate permissible under applicable law. If, under any circumstances, fulfillment of any provision of this Agreement, after timely performance of such provision is due, shall involve exceeding the limit of validity prescribed by law that a court of competent jurisdiction deems applicable, then, ipso facto, the obligations to be fulfilled shall be reduced to the maximum limit of such validity. If, under any circumstances, the General Fund shall ever receive as interest an amount that exceeds the highest lawful rate, the amount that would be excessive interest shall be applied to reduce the unpaid principal balance under this Agreement, and not to pay interest, or, if such excessive interest exceeds the unpaid principal balance under this Agreement, such excess shall be refunded to the LMD 84-2 Fund.

3.8 Obligations at Maturity. Any amounts of principal or interest becoming due under this Agreement that are not repaid by the LMD 84-2 Fund to the General Fund, on or before the Maturity Date, pursuant to the terms of this Agreement, shall be due and payable within ninety (90) days following the Maturity Date.

3.9 Early Payoff. The LMD 84-2 Fund may pay off the Loan Amount any time before the Maturity Date without penalty.

3.10 Not a Pledge of LMD 84-2 Fund Revenues. Notwithstanding any other provision of this Agreement, the LMD 84-2 Fund's obligations under this Agreement do not constitute a formal pledge of Available Revenues or any other revenues of the LMD 84-2 Fund. The LMD 84-2 Fund's repayment obligations under this Agreement shall be a special, limited fund obligation of the LMD 84-2 Fund, payable solely from Available Revenues as described herein. The LMD 84-2 Fund's obligations under this Agreement are subject and subordinate to payment of debt service or other amounts relating to any outstanding bonds, notes, installment payments, or other evidences of indebtedness, to which the LMD 84-2 Fund is pledged and that were issued before or after the Effective Date, satisfaction of all obligations of the LMD 84-2 Fund under existing agreements of the City (exclusive of this Agreement) and any other obligations of the LMD 84-2 Fund, incurred, established or agreed to prior to the Effective Date or to which this Agreement is subordinated by the terms of this Agreement or by separate agreement. The LMD 84-2 Fund's obligations regarding repayment under this Agreement shall be automatically junior and subordinate to any bonded indebtedness to which the LMD 84-2 Fund is pledged after the Effective Date, without further notice or action.

3.11 General Provisions.

3.11.1 Incorporation of Recitals. The recitals of fact set forth preceding this Agreement are true and correct and are incorporated into this Agreement in their entirety by this reference.

3.11.2 Calculation of Time Periods. Unless otherwise specified, all references to time periods in this Agreement measured in days shall be to consecutive calendar days, all references to time periods in this Agreement measured in months shall be to consecutive calendar months and all references to time periods in this Agreement measured in years shall be to consecutive calendar years. Any reference to business days in this Agreement shall mean and refer to business days of the City.

3.11.3 Amendment. No amendment or modification of this Agreement shall be effective, unless it is made in writing by the City, following approval by the City Council of the City.

3.11.4 Severability. If any provision of this Agreement as applied to any Person or to any circumstance is adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, this fact shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision regarding another Person or under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

3.11.5 Construction. Unless otherwise indicated, all article and section references are to the articles and sections of this Agreement. The headings used in this Agreement are provided for convenience of reference only and this Agreement shall be interpreted without reference to any headings. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. If the date on which any action is required to be taken under the terms of this Agreement is not a business day, the action shall be taken on the next succeeding business day. The use of the word "or" in this Agreement shall also include the word "and." The use of the word "including" in this Agreement shall be interpreted as though followed by the phrase "without limitation."

3.11.6 Governing Law. This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California, without application of conflicts of laws principals.

3.11.7 No Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any Person other than the City.

3.11.8 Binding on Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective legal representatives, successors and assigns.

3.11.9 Entire Agreement. This Agreement constitutes the entire understanding and agreement regarding the subjects addressed in this Agreement. This Agreement integrates all of the terms and conditions mentioned in this Agreement or incidental to this Agreement, and supersedes all previous agreements with respect to the subjects addressed in this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

**SIGNATURE PAGE TO
INTER-FUND LOAN AND REPAYMENT AGREEMENT
(City of Corona General Fund 110 to LMD 84-2 Zone 19 Fund 468)**

IN WITNESS WHEREOF, the City on behalf of the General Fund and LMD 84-2 Fund executes this Agreement to evidence the obligations of each such fund under the terms and conditions of this Agreement.

CITY OF CORONA

By: _____
Wes Speake
Mayor

ATTEST:

By: _____
Sylvia Edwards
City Clerk

APPROVED AS TO FORM:

By: _____
Dean Derleth
City Attorney

EXHIBIT "A"
REPAYMENT SCHEDULE

<u>Date</u>	<u>Amount</u>
July 1, 2024	\$18,505
July 1, 2025	\$18,505
July 1, 2026	\$18,505
July 1, 2027	\$18,505
July 1, 2028	\$18,505
July 1, 2029	\$18,505
July 1, 2030	\$18,506
July 1, 2031	\$18,506
July 1, 2032	\$18,506