

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

343



FROM: Executive Office


SUBMITTAL DATE:
September 23, 2010

SUBJECT: Loan Agreement Between the City of Eastvale and the County of Riverside

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the request by the City of Eastvale for a temporary loan in the amount of \$100,000 from the General fund to the City of Eastvale accordance with California Government Code Section 23010.2, and
2. Approve and authorize the Chairman to execute the attached agreement (Attachment B)

BACKGROUND: The City of Eastvale has requested a loan from the County in the amount of \$100,000 to cover operating expenses because the city does not anticipate sufficient revenue to cover all operating costs for at least one quarter after their incorporation date of October 1, 2010. The County has available funds to make this loan. Repayment amount will be \$100,000 plus interest to be repaid no later than June 30, 2011.


Tina Grande, Principal Management Analyst


FINANCIAL DATA

Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:	N/A
Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	N/A
Annual Net County Cost:	\$ N/A	For Fiscal Year:	2010/11

SOURCE OF FUNDS: General fund Unreserved/Undesignated Fund balance

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: 
Dean Deines

County Executive Office Signature

FORM APPROVED, COUNTY COUNSEL
 BY: Dale A. Gardner 9/23/10
 DATE: 9/23/10
 Dept of Concurrence
 Dep't Recomm.:
 Per Exec. Ofc.:
 Consent
 Policy
 Consent
 Policy

Prev. Agn. Ref.:

District: 2

Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.2

RE: Loan Agreement Between the City of Eastvale and the County of Riverside

Date: September 14, 2010

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California Government Code Section 23010.2 allows for the Board of Supervisors to loan any city within the county's jurisdiction an amount up to eighty-five percent of the city's anticipated revenues. The city must be incorporated for less than a year and the loan must be repaid within the fiscal year in which it was made.

The city meets the required criteria and the agreement being considered follows state law. The city is scheduled to approve the agreement on October 1, 2010.

The agreement has been approved as to form by County Counsel.

LOAN AGREEMENT

This Loan Agreement ("Agreement") is executed as of October 1, 2010, between the City of Eastvale, a municipal corporation of the State of California ("City"), and the County of Riverside, a political subdivision of the State of California ("County").

RECITALS

A. The County and the City wish to enter into this Agreement to secure a short-term loan to the City of \$100,000 for fiscal year 2010-2011.

B. Pursuant to California Government Code Section 23010.2 the board of supervisors of a county may loan to any city within its limits which has been incorporated for less than one year an amount not exceeding eighty-five percent of the city's anticipated revenues for the fiscal year in which such loan is made. Such loan shall be repaid within the fiscal year in which made.

C. The City has been incorporated for less than one year and is located within the geographical limits of the County.

D. The loan amount of \$100,000 is to be repaid no later than June 30, 2011 and represents an amount less than eighty-five percent of the City's anticipated revenues of the 2010-2011 fiscal year.

E. The City will use the loaned funds to provide normal operating expenses of the City and to provide essential services within the City's geographical limits.

NOW THEREFORE in exchange of the mutual promises set-forth below and for other valuable consideration which is hereby acknowledged, the County and the City hereby agree as follows:

1. Loan. Subject to the terms of this Agreement, County agrees to make and City agrees to take a loan in the principal amount of One Hundred Thousand Dollars (\$100,000) (the "Loan") the proceeds of which shall be used by the City to provide normal operating expenses of the City and to provide essential services within the City's geographical limits and/or to provide for any other purpose authorized by law.

2. Disbursement. County will transfer \$100,000 to the City within two weeks of the final execution of this Agreement by the County and City; provided the City has complied with all County accounting requirements; including, but not limited to, providing a Tax Identification Number.

3. Repayment. It is understood and agreed that the Loan is a short-term loan that must be repaid in full within the 2010-2011 fiscal year. The loan shall be repaid in full by the City no later than June 30, 2011.

4. Interest. The City agrees to compensate the County for the loss of investment earnings by paying interest equal to the monthly published County Treasurer Pooled Investment Fund rate (the "Pool Rate") for each month until the loan is repaid. The Pool Rate is the rate that the County applies to the City's funds on deposit with the County. Interest will begin to accrue on the date of the disbursement and transfer of the loan amount to the City. Interest will be accrued monthly at the published Pool Rate on any unpaid balance owed to the County.

5. Remedies Upon Default. If the City fails to make payment of principal or interest when due the County shall have the right to declare the outstanding principal balance together with accrued interest thereon to be immediately due and payable in full. The County's rights and remedies under this Agreement are cumulative and in addition to all other rights and remedies provided by law from time to time.

6. Mutual Indemnity. The parties agree to defend, indemnify, and save and hold harmless each other, their elected officials, employees, contractors and agents from and against all claims, demands, actions, losses, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and court costs) arising from or relating to the making of the Loan except to the extent that such claim, demand, action, loss, liability, cost or expense is caused by the sole or active negligence of the other party. These mutual indemnity provisions shall survive the discharge, cancellation, or other termination of this Agreement.

7. Administration. The County Executive Officer of the County, or his designee, shall administer this Agreement on behalf of the County. Any notice or correspondence required or contemplated by this Agreement shall be delivered to the County at the following address: County of Riverside 4080 Lemon Street, 4th Floor, Riverside, CA 92501 Attn: Tina Grande.

8. No Third Parties Benefited. The Agreement is made for the purpose of setting forth the rights and obligations of the County and the City and no other person shall have any rights hereunder or by reason hereof.

9. Binding Effect; Assignment of Obligations. This Agreement shall bind, and shall inure to the benefit of, City and County and their respective successors and assigns. City shall not assign any of its rights or obligations under this Agreement without the prior written consent of County. Any such assignment without such consent shall be void.

10. Counterparts. This Agreement may be executed in counterparts, all of which, taken together, shall be deemed to be one and the same document.

11. Merger. This Agreement contains the entire agreement between the County and the City with respect to the Loan, and all prior negotiations, understandings and agreements are superseded by this Agreement and merged herein.

12. Amendment. This Agreement shall not be modified except by written consent of the parties. No modification shall be effective unless signed by the party against whom enforcement of such modification is sought.

13. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

14. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, County and City have caused this Agreement to be duly executed as of the date first written above.

CITY OF EASTVALE

By _____

ATTEST:
City Clerk

By _____
Clerk

COUNTY OF RIVERSIDE

By _____
Chairperson, Board of Supervisors

ATTEST:
Kecia Harper-Ihem, Clerk of the Board

By _____
Deputy

FORM APPROVED COUNTY COUNSEL
BY Dale A. Gardner 9/23/10
DALE A. GARDNER DATE