



COUNCIL AGENDA SUMMARY

TO: Mayor Craft & Members of the City Council

THROUGH: Steve Griffin, City Administrator

FROM: Cindy King, Finance & Administrative Services Director

SUBJECT: Zoo \$1 million payment and Waiver of 60 “day right to rescind” request due to COVID-19

DATE: April 13, 2020

ISSUE: The Zoo requests waiver of the City’s 60-day right to rescind requirement set forth in Section 5.12 (b) of its Trust indenture so to immediately release the Zoo’s remaining \$625,000 operational reserve balance for operational expenses being incurred during the Zoo’s closing during the current COVID-19 pandemic in conjunction with a \$1,000,000 City grant.

BACKGROUND: In 2017 the City told the Zoo we would give the Zoo \$1,000,000 within 30 days after the Zoo delivered the Certificate of Completion. The Zoo completed all the requirements stipulated by the City to receive \$1 million to assist with operating expenses once all other resources are exhausted. The agreement for the \$1 million with the City provided that if the City determined that the Zoo has not completed its obligations required for a Certificate of Completion, the City has 60 days to claw back the City’s \$1,000,000.

In 2017, in order for Nuveen to agree to buy the Zoo’s bonds, in light of the fact that our \$1,000,000 operating reserve would not be available until the Zoo began operations, the Zoo had to borrow and deposit an additional \$625,000 into the operating reserve in order to satisfy Nuveen to close the deal. That \$625,000 will be released to the Zoo for operating reserves after our 60 day claw back period expires.

The Zoo’s grand opening was March 14, 2020. The Zoo believes it has enough money to last through this March and most of April while being closed during the current COVID-19 pandemic. What the Zoo wants is for the City to deposit the \$1,000,000 immediately, and waive the 60 day claw back, so that the Zoo will immediately have on hand \$1,625,000 of additional operating reserve. In light of the current situation with the Coronavirus, the Zoo has had to close its operations and will need the City’s \$1,000,000 as well as the \$625,000 from their operating reserves to assist with operating expenses sooner than the 60 day period.

PREVIOUS COUNCIL ACTION: None



SMALL TOWN, BIG BEACH

BUDGET IMPLICATIONS: \$1 million budgeted in Amendment 1 for the Zoo

RELATED ISSUES: None

ATTACHMENTS: Resolution

DEPARTMENT: Finance and Administrative Services

STAFF CONTACT: Cindy King