City of Culver City

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Staff Report Details (With Text)

File #:	20-1020	**Version:** 1	**Name:**
Type:	Minute Order	**Status:**	Action Item
File created:	5/28/2020	**In control:**	City Council Meeting Agenda
On agenda:	6/8/2020	**Final action:**	
Title:	CC - (1) Discussion Regarding the Outstanding Loan Provided to Culver City Arts Foundation; and (2) Direction to the City Manager as Deemed Appropriate		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. 20-06-08_ATT No. 1_Memorandum of Understanding Between the City of Culver City and Culver City Arts Foundation.pdf, 2. 20-06-08_ATT No. 2_Letter from Culver City Arts Foundation.pdf		

Date	Ver.	Action By	Action	Result

CC - (1) Discussion Regarding the Outstanding Loan Provided to Culver City Arts Foundation; and (2) Direction to the City Manager as Deemed Appropriate

Contact Person/Dept: Serena Wright-Black/Administrative Services

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Fiscal Impact: Yes [X]   No []   **General Fund:** Yes [X]   No []

Public Hearing: []   **Action Item:** [X]   **Attachments:** Yes [X]   No []

Commission Action Required: Yes []   No [X]

Public Notification: (E-Mail) Meetings and Agendas - City Council (06/04/2020)

Department Approval: Serena Wright-Black, Assistant City Manager (05/27/2020)

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RECOMMENDATION

Staff recommends that the City Council (1) discuss the outstanding loan provided to Culver City Arts Foundation; and (2) provide direction to the City Manager as deemed appropriate.

BACKGROUND

The Culver City Arts Foundation ("CCAF") was established in 2006 as a 501 (c) (3) nonprofit public

benefit corporation. The Articles of Incorporation were filed with the Secretary of State on September 26, 2006.

In 2016 City Council formed an Ad Hoc Subcommittee for the purpose of revising the structure of the CCAF with the goal of allowing it to function independently from the City. In March 2018, City Council took action to separate the CCAF from the City. The Bylaws were amended and a new Memorandum of Understanding ("MOU") between the City and the CCAF was adopted. A revised MOU was subsequently adopted on June 24, 2019.

DISCUSSION

The MOU adopted by City Council in March 2018 included a provision in which City Council authorized $35,000 seed money be loaned to CCAF and repaid on or before June 30, 2019. On June 24, 2019 City Council extended the repayment terms. Specifically, Section 3.A. of the MOU was revised as follows,

> "SECTION 3. PAYMENT.
>
>> A. For Fiscal Year 2017-18, City granted a loan to CCCAF in the amount of $35,000 to be used as "seed money" to commence its activities ("Loan"). At the end of the fiscal year (June 30, 2020), the CCCAF shall report on the status of its funding and ability to repay the Loan to the City. If there are insufficient funds to repay the Loan, the City Council may decide to extend the term of the Loan or forgive its repayment."

On April 13, 2020 CCAF submitted a letter to City Council outlining its fundraising efforts and other new program initiatives and activities (Attachment 2). In the letter, CCAF also discussed the impacts COVID-19 has had on its ability to raise funds.

As the repayment date approaches, and CCAF is planning its budget for next fiscal year, it is requesting that City Council consider extending the loan repayment date or completely forgiving the loan.

FISCAL ANALYSIS

The financial impact to the General Fund will vary based on the direction Council provides. If City Council forgives repayment of the loan, the loan will be written off as uncollectible and recorded as a loss to the General Fund. If the term of the loan is extended, the repayment of the loan will be recorded in a future fiscal year.

ATTACHMENTS

1. 20-06-08_ATT No. 1_Memorandum of Understanding Between the City of Culver City and Culver City Arts Foundation

2.   20-06-08_ATT No. 2_Letter from Culver City Arts Foundation

MOTION(S)

That the City Council:

1. Discuss the outstanding loan provided to Culver Arts Foundation; and

2. Provide direction to the City Manager as appropriate.