

**SUBMITTAL TO THE BOARD OF COMMISSIONERS
HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
10.2
(ID # 3545)

MEETING DATE:

Tuesday, March 7, 2017

FROM : HOUSING AUTHORITY:

SUBJECT: HOUSING AUTHORITY: Ratify and Approve the First Amendment to Loan Agreement for the Use of County General Funds Between the County of Riverside and the Housing Authority of the County of Riverside, and First Amendment to Promissory Note; District 1, [\$0]; CEQA Exempt

RECOMMENDED MOTION: That the Board of Commissioners:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Sections 15061(b)(3);
2. Ratify and Approve the attached First Amendment to Loan Agreement for the Use of County of Riverside General Funds (First Amendment to Loan Agreement) and First Amendment to Promissory Note between the County of Riverside and the Housing Authority of the County of Riverside, extending the term of the original Loan Agreement for the Use of County of Riverside General Funds, and extending the maturity date of the Promissory Note executed by the Housing Authority in favor of the County;
3. Authorize the Chairman of the Board of Commissioners to execute the attached First Amendment to Loan Agreement and the attached First Amendment to Promissory Note;
4. Authorize the Executive Director, or designee, to take all necessary steps to implement the First Amendment to Loan Agreement and First Amendment to Promissory Note, including, but not limited to signing subsequent necessary and relevant documents, subject to approval by County Counsel; and
5. Direct Housing Authority staff to file the Notice of Exemption within five working days.

ACTION: Policy

Robert Field, Assistant County Executive Officer/EDA 2/2/2017

MINUTES OF THE BOARD OF COMMISSIONERS

On motion of Commissioner Tavaglione, seconded by Commissioner Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington and Ashley
Nays: None
Absent: None
Date: March 7, 2017
xc: Housing Authority

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	16/17

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The County of Riverside (County) and the Housing Authority of the County of Riverside (Authority) entered into that certain Loan Agreement for the Use of County of Riverside General Funds dated November 24, 2014 (Loan Agreement) providing for, among things, a loan to Authority in the amount of \$1,600,000 (County Loan). The County Loan was used to pay off the outstanding principal and interest on predevelopment loans for entitlements, land carrying costs, design, architecture and engineering costs attributable to that certain real property consisting of 10.16 acres of land, located east of Arnett Road, west of Fox Ridge Lane, and south of Catt Road in the City of Wildomar (Property). The term of both the County Loan and the Loan Agreement are for a period of two years from November 24, 2014, which expired on November 24, 2016.

The Authority currently owns the Property and is seeking financing to develop and construct an affordable housing project.

The County Loan was derived from the County's General Fund and is evidenced by that certain Promissory Note executed by Authority in favor of County dated November 24, 2014 (County Note). The County Note is secured by that certain Deed of Trust with Assignment of Rents dated November 24, 2014 and recorded in the Official Records of the County of Riverside on December 10, 2014 as Document No. 2014-0471374. The County Loan has been fully disbursed by the County to the Authority. Authority pledged sales proceeds from the sale of certain Authority-owned properties to repay the County Loan, as more specifically discussed in the Loan Agreement. The Authority has repaid a portion of the County Loan in the amount of \$72,815.13.

Due to the unanticipated extension of negotiations and due diligence periods relating to the sale of Authority-owned properties pledged to repay the County Loan, the Authority has not been able to obtain the pledged disposition proceeds within the time frame originally anticipated by the parties. As such, extending the term of the County Loan and Loan Agreement for an additional 24 month period is necessary to complete the sale of the properties and repay the remaining balance of the County Loan.

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Authority staff recommends ratifying and approving an amendment to the Loan Agreement to extend the agreement term and County Loan term for an additional 24 months, with expiration/maturity dates of November 24, 2018, with an option to extend up to an additional one year period at the discretion of the County Finance Director. Authority staff also recommends ratifying and approving an amendment to the County Note to reflect the aforementioned term extensions. Amendments to the Loan Agreement and County Note are set forth in the proposed First Amendment to Loan Agreement for the Use of County of Riverside General Funds and First Amendment to Promissory Note, each attached. Except for the extension of the Loan Agreement term and the extension of the County Loan maturity date, all other terms and conditions of the Loan Agreement and County Note remain unmodified and in full force and effect.

County Counsel has reviewed and approved the attached First Amendment to Loan Agreement for the Use of County of Riverside General Funds and First Amendment to Promissory Note as to form. Staff recommends that the Board approve the First Amendment to Loan Agreement for the Use of County of Riverside General Funds and First Amendment to Promissory Note.

California Environmental Quality Act (CEQA) Findings

Pursuant to the California Environmental Quality Act (CEQA), the First Amendment to Loan Agreement for the Use of County of Riverside General Funds and the First Amendment to Promissory Note were reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines Section 15061(b) (3), General Rule or "Common Sense" exemption. The project includes an amendment to an existing loan agreement and promissory note providing for an extension of the agreement term and an extension of the maturity date of a fully disbursed loan (Project). It can be seen with certainty that there is no possibility that the Project may have a direct significant effect on the environment and will not lead to any direct or reasonably indirect physical environmental impacts since the proposed amendments have purely administrative and financial impacts. A Notice of Exemption will be filed by Authority staff with the County Clerk within 5 days of the approval of the First Amendment to Loan Agreement for the Use of County of Riverside General Funds and the First Amendment to Promissory Note.

Impact on Residents and Businesses

No expected impact on private residents or private businesses. Extending the term of the County Loan and Loan Agreement for an additional 24 month period is necessary to complete the sale and disposal of Authority-owned properties and to allow for repayment of the County Loan.

SUPPLEMENTAL:

Additional Fiscal Information

On December 16, 2014, the Authority paid down a portion of the County Loan in the amount of \$72,815.13. The remaining loan balance as of November 2016 is approximately \$1,527,184.87.

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ATTACHMENT:

First Amendment to Loan Agreement for the Use of County of Riverside General Funds
First Amendment to Promissory Note

RF:JW:HM:JA:JG:MM:rb

13495 / MT 3545

H:\Housing\RDACOM-HOUSING\2014 HASA Housing Projects\Tres Lagos\Agmt\Loan Extension\MT# 3545 - F11 Ratify and
Approval of First Amendment



Rahini Dasika, Principal Management Analyst

2/27/2017



Gregory P. Priamos, Director County Counsel

2/9/2017