

MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



3.2
(MT 11505)

On motion of Supervisor Jeffries, seconded by Supervisor Spiegel and duly carried by unanimous vote, IT WAS ORDERED that the recommendation from the Executive Office regarding the Approval of Third Amendment to Loan Agreement for the Use of County General Funds and Third Amendment to Promissory Note between the County of Riverside and the Housing Authority of the County of Riverside is taken off calendar.

Roll Call:

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on January 7, 2020 of Supervisors Minutes.

WITNESS my hand and the seal of the Board of Supervisors
Dated: January 7, 2020
Kecia R. Harper, Clerk of the Board of Supervisors, in
and for the County of Riverside, State of California.

(seal)

By: *[Signature]* Deputy

AGENDA NO.
3.2

XC:

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



**ITEM: 3.2
(ID # 11505)**

MEETING DATE:
Tuesday, January 7, 2020

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Approval of Third Amendment to Loan Agreement for the Use of County General Funds and Third Amendment to Promissory Note Between the County of Riverside and the Housing Authority of the County of Riverside; District 1, [\$0]; Nothing Further Required - CEQA Exempt

RECOMMENDED MOTION: That the Board of Commissioners:

1. Find that nothing further is required pursuant to the California Environmental Quality Act (CEQA) whereas on November 24, 2014, M.O. 10.2, the Board of Commissioners determined that the Project was exempt from CEQA pursuant to State CEQA Guidelines Sections 15002;
2. Approve the attached Third Amendment to Loan Agreement for the Use of County of Riverside General Funds (Third Amendment to Loan Agreement) and Third 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 Supervisors to execute the attached Third Amendment to Loan Agreement and the attached Third Amendment to Promissory Note; and
4. Authorize the Executive Director, or designee, to take all necessary steps to implement the Third Amendment to Loan Agreement and Third Amendment to Promissory Note, including, but not limited to signing subsequent necessary and relevant documents, subject to approval by County Counsel.

ACTION:Policy

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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:	2019/20

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 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.

The terms of expiration for both the County Loan and the Loan Agreement were amended by that certain First Amendment to Loan Agreement for the Use of County of Riverside General Funds dated March 17, 2017 (First Amendment) and by that certain Second Amendment to Loan Agreement for the Use of County of Riverside General Funds dated November 23, 2018 (Second Amendment). The County Loan and the Loan Agreement, as amended by the First Amendment and Second Amendment, expires November 24, 2019.

Due to the unanticipated extension of negotiations and due diligence periods relating to the sale of Authority-owned properties to private developers 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. Palm Communities, the original affordable housing

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developer partner with the former Redevelopment Agency for the County of Riverside, proposes to build affordable housing in three separate phases and pay off the County Loan in the first phase prior to the start of construction. As such, extending the term of the County Loan and Loan Agreement for an additional 36 month period is necessary to complete the sale of the properties and repay the remaining balance of the County Loan.

The Executive Office recommends ratifying and approving a third amendment to the Loan Agreement to extend the agreement term and County Loan term for an additional 36 months, with expiration/maturity dates of November 24, 2022. The Executive Office also recommends 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 Third Amendment to Loan Agreement for the Use of County of Riverside General Funds and Third 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.

The proposed action in this Form 11 involves the approval of a Third Amendment to the Loan Agreement and Third Amendment to the Promissory Note between the County and the Housing Authority of the County of Riverside. This Loan Agreement and Promissory Note were previously analyzed and determined to be exempt from CEQA by the Board of Supervisors of the County of Riverside on November 24, 2014, Minute Order 3.16; therefore, nothing further is required under CEQA. Entering into this Third Amendment to the Loan Agreement and Promissory Note will not result in any new significant environmental effects; the actions will not substantially increase the severity of the environmental effects; no considerably different mitigation measures have been identified; and no mitigation measures found infeasible have become feasible. This action is merely to extend the loan term of the Loan Agreement and the maturity term of the Promissory Note. As a result, no further environmental documentation is required for California Environmental Quality Act purposes.

County Counsel has reviewed and approved the attached Third Amendment to Loan Agreement for the Use of County of Riverside General Funds and Third Amendment to Promissory Note as to form. Staff recommends that the Board approve the Third Amendment to Loan Agreement for the Use of County of Riverside General Funds and Third 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 36 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

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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.

ATTACHMENT:

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


Frankie Z. Ezzat, Chief Deputy County Executive Officer

12/30/2019


Gregory V. Priamos, Director County Counsel

12/11/2019