

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



**ITEM: 3.3  
(ID # 13518)**

**MEETING DATE:**

Tuesday, September 22, 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 [Continued from September 15, 2020]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Find that nothing further is required pursuant to the California Environmental Quality Act (CEQA) whereas on November 24, 2014, M.O. 3.16, the Board of Supervisors determined that the Project was exempt from CEQA pursuant to State CEQA Guidelines Sections 15002;
2. Ratify and 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 County Finance Officer, 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: Consent**

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**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt

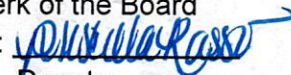
Nays: None

Absent: None

Date: September 22, 2020

xc: EO

Kecia R. Harper  
Clerk of the Board

By:   
Deputy

(companion item 10.2 8/25/2020 MT#13001)

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

<b>FINANCIAL DATA</b>	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
<b>COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS: N/A</b>			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	2020/21

**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 developer partner with the former Redevelopment Agency for the County of Riverside, proposes

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

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.

County staff 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. County staff 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 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**

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 September 2020 is approximately \$1,527,184.87.

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

**ATTACHMENT:**

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

HM:CH:JG:MM:cm

MT #9061

  
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Gregory P. Priamos, Director County Counsel      9/17/2020

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**THIRD AMENDMENT TO LOAN AGREEMENT FOR THE USE OF  
COUNTY OF RIVERSIDE GENERAL FUNDS**

This THIRD AMENDMENT TO LOAN AGREEMENT FOR THE USE OF COUNTY OF RIVERSIDE GENERAL FUNDS (“Third Amendment”) is made and entered into as of the 25th day of August, 2020 by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“County”), and the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic (“Authority”) in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside (“RDA”). The County and Authority may be individually referred to herein as a “Party” and collectively as the “Parties.”

**RECITALS**

WHEREAS, County and Authority entered into that certain Loan Agreement for the Use of County of Riverside General Funds dated November 24, 2014, as amended by that certain First Amendment to Loan Agreement for the Use of County of Riverside General Funds dated March 7, 2017 and that certain Second Amendment to Loan Agreement for the Use of County of Riverside General Funds dated November 23, 2018 (collectively, “Loan Agreement”) providing for, among other things, a loan to Authority in the amount of \$1,600,000 (“County Loan”) 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, legally described in Attachment No. 1, which is attached hereto and incorporated herein by this reference (“Property”). The Property is also formerly known as the “Tres Lagos Senior Apartments;”

WHEREAS, 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, as amended by that certain First Amendment to Promissory Note dated March 7, 2017 and that certain Second Amendment to Promissory Note dated November 23, 2018 (collectively, “County Promissory Note”), which note is secured by that certain Deed of

1 Trust with Assignment of Rents dated November 24, 2014 and recorded in the Official Records  
2 of the County of Riverside on December 10, 2014 as Document No. 2014-0471374;

3 WHEREAS, Authority pledged sales proceeds from the sale of certain Authority-owned  
4 properties to repay the County Loan, as more specifically discussed in the Loan Agreement;

5 WHEREAS, the term of the Loan Agreement expired on November 24, 2019 and the  
6 maturity date of the County Promissory Note is November 24, 2019;

7 WHEREAS, as of the date of this Third Amendment the Authority has not been able to  
8 obtain the disposition proceeds necessary to repay the County Loan within the time frame  
9 agreed to by the Parties;

10 WHEREAS, due to the unanticipated extension of negotiations and due diligence  
11 periods related to the sale of Authority-owned properties to private developers the net  
12 disposition proceeds of which have been pledged to repayment of the County Loan, County and  
13 Authority desire to extend both the term of the Loan Agreement and the maturity date of the  
14 County Loan for an additional three (3) years such that the Loan Agreement will expire on  
15 November 24, 2022 and the maturity of the County Promissory Note will also be November 24,  
16 2022;

17 WHEREAS, extending the term of the Loan Agreement and the maturity date of the  
18 County Promissory Note for an additional three (3) year period is necessary to complete the sale  
19 of Authority-owned properties and repay the County Loan; and

20 WHEREAS, County and Authority desire to amend the Loan Agreement to extend the  
21 agreement term and County Loan term for an additional three (3) year period, with  
22 expiration/maturity dates of November 24, 2022, and to amend the County Promissory Note to  
23 reflect this Third Amendment, as more specifically set forth below.

24 NOW, THEREFORE, based upon the foregoing recitals and for good and valuable  
25 consideration, the receipt and sufficiency of which are acknowledged by all Parties, the County  
26 and Authority hereby agree as follows:

- 27 1. **Recitals.** The recitals and attachments referenced above are incorporated herein by this  
28 reference and adopted by the Parties to be true and correct.

1 2. **Term of County Loan.** Section 4.a. of the Loan Agreement titled, “Term,” is hereby  
2 deleted in its entirety and replaced with the following:

3 “Term. The maturity date of the County Loan shall be November 24, 2022.”

4 3. **Term of Loan Agreement.** Section 5. of the Loan Agreement titled, “Term of  
5 Agreement” is hereby deleted in its entirety and replaced with the following:

6 “TERM OF AGREEMENT. This Agreement shall become effective upon  
7 execution as more specifically discussed in **Section 26** below, and unless  
8 terminated earlier pursuant to the terms hereof, shall continue in full force and  
9 effect until November 24, 2022 (“Agreement Term”).”

10 4. **Amendment to Promissory Note.** No later than five (5) business days after the date of  
11 this Third Amendment, the County and Housing Authority shall execute an amendment to  
12 the County Promissory Note substantially conforming in form and substance to the Second  
13 Amendment to Promissory Note attached hereto as Attachment No. 2 and incorporated  
14 herein by this reference. The purpose of the Third Amendment to Promissory Note is to  
15 reflect the amended terms to the Loan Agreement and the County Loan maturity date set  
16 forth herein.

17 5. **Miscellaneous.**

18 a. **Interpretation.** This Third Amendment, when combined with the Loan  
19 Agreement, sets forth and contains the entire understanding and agreement of the Parties  
20 hereto and correctly sets forth the rights, duties and obligations of each to the other as of  
21 this date. There are no oral or written representations, understandings, or ancillary  
22 covenants, undertakings or agreements, which are not contained or expressly referred to  
23 within this Third Amendment or the Loan Agreement.

24 b. **Waivers; Amendments.** All waivers of the provisions of this Third  
25 Amendment and all amendments hereto must be in writing and signed by the appropriate  
26 authorized representatives of the County and Authority.

27 c. **Attachments.** Each of the attachments and exhibits attached hereto are  
28 incorporated herein by this reference.

1           d.       **Effectiveness of Loan Agreement**. Except as modified and amended by  
2 this Third Amendment, all other terms and conditions of the Loan Agreement remain  
3 unmodified and in full force and effect.

4           e.       **Counterparts**. This Third Amendment may be signed by the different  
5 parties hereto in counterparts, each of which shall be an original but all of which  
6 together shall constitute one and the same agreement.

7           f.       **Effective Date**. The effective date of this Third Amendment is November  
8 24, 2019.

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1 IN WITNESS WHEREOF, County and Authority have executed this Third Amendment  
2 as of the date first above written.

3 **AUTHORITY:**

4 HOUSING AUTHORITY OF THE COUNTY  
5 OF RIVERSIDE, a public entity, corporate and  
6 politic, in its capacity as housing successor to  
7 the former Redevelopment Agency for the  
8 County of Riverside

9 By: *V. Manuel Perez*  
10 V. Manuel Perez,  
11 Chairman, Board of Commissioners

**COUNTY:**

COUNTY OF RIVERSIDE, a political  
Subdivision of the State of California

By: *V. Manuel Perez*  
V. Manuel Perez,  
Chairman, Board of Supervisors

12 APPROVED AS TO FORM:

13 GREGORY P. PRIAMOS  
14 COUNTY COUNSEL

15 By: *Synthia M. Gunzel*  
16 Synthia M. Gunzel  
17 Chief Deputy County Counsel

APPROVED AS TO FORM:

GREGORY P. PRIAMOS  
COUNTY COUNSEL

By: *Michael C. Thomas*  
Michael C. Thomas  
Deputy County Counsel

18 **ATTEST:**

19 **KECIA R. HARPER, Clerk**  
20 By: *Michelle Raso*  
21 **DEPUTY**

**ATTEST:**

**KECIA R. HARPER, Clerk**  
By: *Michelle Raso*  
**DEPUTY**

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ATTACHMENT NO. 1  
LEGAL DESCRIPTION OF PROPERTY  
(behind this page)

**LEGAL DESCRIPTION OF PROPERTY**

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PARCEL 1:

PARCEL 3 OF PARCEL MAP NO. 8617, AS SHOWN BY PARCEL MAP ON FILE IN BOOK 35, PAGE(S) 32 OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 2:

ALL THAT PORTION OF PARCEL 1 AND LETTERED LOT "B" OF PARCEL MAP 9084 AS SHOWN BY MAP RECORDED IN PARCEL MAP BOOK 40 PAGE 25 OF RECORDS OF RIVERSIDE COUNTY, EXCEPTING THEREFROM THE EAST 260.00 FEET, SAID 260.00 FEET BEING MEASURED ALONG THE NORTH AND SOUTH LINES OF SAID PARCEL 1.

PARCEL 3:

PARCEL 1, 2 AND LOT B OF PARCEL MAP NO. 8617, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, RECORDED MAY 17, 1977 IN BOOK 35, PAGE 32 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 4:

THE EAST 260 FEET OF PARCEL (S) 1 OF PARCEL MAP NO. 9084, AS PER PLAT RECORDED IN BOOK 40 OF OF PARCEL MAPS, PAGE (S) 25, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, PER CERTIFICATE OF COMPLIANCE RECORDED NOVEMBER 16, 1978 AS INSTRUMENT NO. 242267, OFFICIAL RECORDS.

APN: 380-100-009-5 (Affects: Parcel 4) and 380-100-012-7 (Affects: Parcel 1) and 380-100-008-4 (Affects: Parcel 2) and 380-100-010-5 (Affects: Parcel 1 of Parcel 3) and 380-100-011-6 (Affects : Parcel 2 and Lot B of Parcel 3)

ATTACHMENT NO. 2  
AMENDMENT TO PROMISSORY NOTE

(behind this page)

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### THIRD AMENDMENT TO PROMISSORY NOTE

This Third Amendment to Promissory Note (“Third Amendment to County Promissory Note”) is dated as of August 25, 2020 by the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside (“Borrower”), in favor of the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“County”).

#### I. [§100] PURPOSE OF AMENDMENT TO COUNTY PROMISSORY NOTE

County and Borrower (“Authority” therein) entered into that certain Loan Agreement for the Use of County of Riverside General Funds dated November 24, 2014, as amended by that certain First Amendment to Loan Agreement for the Use of County of Riverside General Funds dated March 7, 2017 and effective November 24, 2016, and as further amended by that certain Second Amendment to Loan Agreement for the Use of County of Riverside General Funds dated November 23, 2018, and as further amended by that certain Third Amendment to Loan Agreement for the Use of County of Riverside General Funds dated August 25, 2020 and effective November 24, 2019 (collectively, the “Loan Agreement”) providing for, among things, a loan to Borrower in the amount of \$1,600,000 (“County Loan”) 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, legally described in Attachment No. 1 attached to the Loan Agreement (“Property”). The County Loan is evidenced by that certain Promissory Note executed by Borrower in favor of County dated November 24, 2014, as amended by that certain First Amendment to Promissory Note dated March 7, 2017 and effective November 24, 2016, and as further amended by that certain Second Amendment to Promissory Note dated November 23, 2018 (“County Promissory Note”), which 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.

Pursuant to the third amendment to the Loan Agreement, both the maturity date of the County Loan and the term of the Loan Agreement are extended an additional thirty-six (36) months to November 24, 2022. Within that amendment, the County and the Borrower agreed to execute an amendment to the County Promissory Note to reflect the extended term of the Loan Agreement and the extended maturity date of the County Loan..

The purpose of this Third Amendment to County Promissory Note is as follows: (1) to amend all references to the “Loan Agreement” to include that certain Third Amendment to Loan Agreement for the Use of County of Riverside General Funds dated August 25, 2020 and effective November 24, 2019, and (2) to amend the County Loan maturity date to November 24, 2022.

II. [§ 200] EFFECT OF AMENDMENT TO COUNTY PROMISSORY NOTE

Except as expressly provided otherwise in this Third Amendment to County Promissory Note, the County Promissory Note remains in full force and effect, enforceable in accordance with its terms, without diminution or waiver of any kind of any right or remedy thereunder by the County or the Borrower.

III. [§ 300] AMENDMENT TO LOAN AGREEMENT DEFINITION

The second paragraph of the County Promissory Note is amended to delete the first sentence commencing with the words, "This Promissory Note ("Note")," and ending with the words, "dated November 23, 2018 (collectively the "Loan Agreement"), " and replace it with the following sentence:

"This Promissory Note ("Note") is given in accordance with that certain Loan Agreement for the Use of County of Riverside General Funds executed by County and Borrower dated November 24, 2014, as amended by that certain First Amendment to Loan Agreement for the Use of County of Riverside General Funds dated March 7, 2017 and effective November 24, 2016, as further amended by that certain Second Amendment to Loan Agreement for the Use of County of Riverside General Funds dated November 23, 2018, and as further amended by that certain Third Amendment to Loan Agreement for the Use of County of Riverside General Funds dated August 25, 2020 and effective November 24, 2019 (collectively the "Loan Agreement")."

IV. [§ 400] MATURITY DATE

Clause (5) of the second paragraph of the County Promissory Note is hereby deleted in its entirety and replaced with the following:

"(5) The maturity date of this Note shall be November 24, 2022."

V. [§ 500] DUPLICATE ORIGINALS

This Third Amendment to County Promissory Note may be signed in counterparts, each of which shall be deemed an original, and all such counterparts shall constitute one and the same instrument.

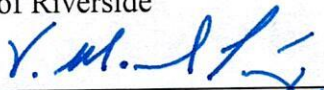
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[Signatures on Following Page]

IN WITNESS WHEREOF, Borrower and the County have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized on the date set forth above.

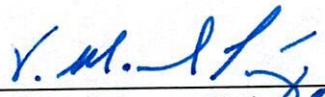
**BORROWER:**

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside

By:   
V. Manuel Perez, Chairman  
Board of Commissioners

**COUNTY:**

COUNTY OF RIVERSIDE, a political Subdivision of the State of California

By:   
V. Manuel Perez, Chairman  
Board of Supervisors

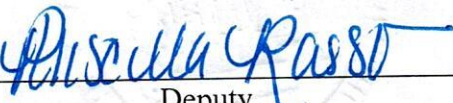
**ATTEST:**

KECIA R. HARPER  
Clerk of the Board

By:   
Deputy

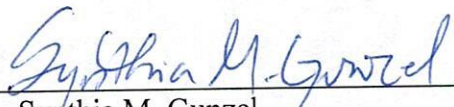
**ATTEST:**

KECIA R. HARPER  
Clerk of the Board

By:   
Deputy


**APPROVED AS TO FORM:**

GREGORY P. PRIAMOS  
COUNTY COUNSEL

By:   
Cynthia M. Gunzel  
Chief Deputy County Counsel

**APPROVED AS TO FORM:**

GREGORY P. PRIAMOS  
COUNTY COUNSEL

By:   
Michael C. Thomas  
Deputy County Counsel



# MEMORANDUM

RIVERSIDE COUNTY COUNSEL

CONFIDENTIAL  
ATTORNEY-CLIENT PRIVILEGE

DATE: September 16, 2020  
TO: Kecia R. Harper, Clerk of the Board  
FROM: Synthia M. Gunzel, Chief Deputy County Counsel *SMG*  
RE: Agreement for August 25, 2020 Board Agenda  
MT #13001 → 10.2

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Enclosed please find the following document (s) for an item to be set on the August 25, 2020 Board Agenda for the Housing Authority:

MinuteTraq Item #13001– Form 11 (for reference)

Clerk of the Board enclosed please find the **resubmittal** of the Third Amendment to Loan Agreement from the Housing Authority Minute Traq No 13001 Meeting Date August 25, 2020. Please note that the County portion of this agreement Minute Traq No 13518 will go to the Board of Supervisors for approval on September 22, 2020.

SMG:rm  
Attachment  
Prolaw 201708100.001

↓  
3.3

2020 SEP 16 PM 3:53

RECEIVED RIVERSIDE COUNTY  
CLERK / BOARD OF SUPERVISORS





# MEMORANDUM

RIVERSIDE COUNTY COUNSEL

**CONFIDENTIAL**  
**ATTORNEY-CLIENT PRIVILEGE**

2020 AUG 14 AM 10:49  
CLERK / BOARD OF SUPERVISORS

DATE: August 14, 2020  
TO: Kecia R. Harper, Clerk of the Board  
FROM: Synthia M. Gunzel, Chief Deputy County Counsel *SMG*  
RE: Agreement for August 25, 2020 Board Agenda

MT #13001

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Enclosed please find the following document (s) for an item to be set on the August 25, 2020 Board Agenda for the Housing Authority:

MinuteTraq Item #13001– Form 11 (for reference)

Third Amendment to Loan Agreement for the use of General Funds

SMG:rm  
Attachment

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



ITEM: 10.2  
(ID # 13001)

MEETING DATE:

Tuesday, August 25, 2020

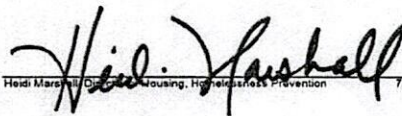
FROM: HOUSING AUTHORITY:

SUBJECT: HOUSING AUTHORITY: 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 Commissioners to execute the attached Third Amendment to Loan Agreement and the attached Third Amendment to Promissory Note; and

ACTION: Consent

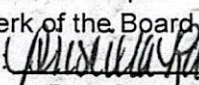
  
Heidi Marshall, Director, Housing, Homelessness Prevention 7/8/2020

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MINUTES OF THE BOARD OF COMMISSIONERS

On motion of Supervisor Spiegel, seconded by Supervisor Hewitt and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Spiegel, Washington, Perez and Hewitt  
Nays: None  
Absent: Jeffries  
Date: August 25, 2020  
xc: Housing Authority

Kecia R. Harper  
Clerk of the Board  
By:   
Deputy

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

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.

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS: N/A</b>			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	2020/21

**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

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originally anticipated by the parties. Palm Communities, the original affordable housing 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.

Authority staff 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. Authority staff 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 Commissioners for the Housing Authority of the County of Riverside on November 24, 2014, Minute Order 10.2; 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**

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:

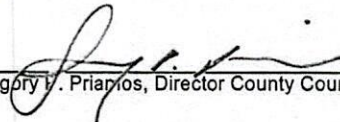
- Third Amendment to Loan Agreement for the Use of County of Riverside General Funds
- Third Amendment to Promissory Note

HM:CH:JG:MM:cm

MT #9061

  
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Marcus Maltese

8/18/2020

  
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Gregory V. Priaplos, Director County Counsel

8/12/2020